YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code : 00375)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The Board of Directors (the "Board") of YGM Trading Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2016 as follows. The interim results for the period ended 30 September 2016 have not been audited, but have been reviewed by KPMG.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended 30 September	
		2016	2015
	Note	***$'000***	*$'000*
Revenue	3 & 4	**341,244**	431,771
Cost of sales		**(150,271)**	(174,540)
Gross profit		**190,973**	257,231
Other (loss)/income		**(2,516)**	1,222
Distribution costs		**(196,899)**	(240,489)
Administrative expenses		**(61,185)**	(65,200)
Other operating expenses		**(1,427)**	(3,340)
Loss from operations		**(71,054)**	(50,576)
Valuation gain on investment property		**1,800**	-
Expenses for proposed separate lising of a subsidiary	5(c)	**-**	(9,200)
Finance costs	5(a)	**(319)**	(109)
Loss before taxation	5	**(69,573)**	(59,885)
Income tax	6	**2,549**	9,045
Loss for the period		**(67,024)**	(50,840)
Attributable to :			
Equity shareholders of the Company		**(65,357)**	(48,633)
Non-controlling interests		**(1,667)**	(2,207)
Loss for the period		**(67,024)**	(50,840)
Loss per share	8		
Basic		**(39.4 cents)**	(29.3 cents)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED
(Expressed in Hong Kong dollars unless otherwise indicated)

	Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Loss for the period	**(67,024)**	(50,840)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	**(21,825)**	7,269
Other comprehensive income for the period	**(21,825)**	7,269
Total comprehensive income for the period	**(88,849)**	(43,571)
Attributable to :		
Equity shareholders of the Company	**(87,222)**	(40,722)
Non-controlling interests	**(1,627)**	(2,849)
Total comprehensive income for the period	**(88,849)**	(43,571)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED
(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	**30 September 2016** *$'000*	31 March 2016 *$'000*
Non-current assets			
Investment properties		**177,800**	251,650
Other property, plant and equipment		**149,151**	158,429
		326,951	410,079
Intangible assets		**447,882**	447,882
Lease premium		**6,873**	6,913
Other financial assets		**134**	134
Rental deposits and prepayments		**40,016**	41,996
Deferred tax assets		**60,281**	58,155
		882,137	965,159
Current assets			
Trading securities		**2,047**	2,546
Inventories		**258,701**	262,757
Trade and other receivables	9	**117,733**	116,224
Current tax recoverable		**3,147**	3,508
Cash and cash equivalents		**72,239**	102,404
Assets held for sale	11	**66,800**	-
		520,667	487,439
Current liabilities			
Trade and other payables	10	**159,765**	129,087
Bank loans and overdrafts		**35,358**	27,025
Dividends payable	7	**8,293**	-
Current tax payable		**4,080**	3,794
		207,496	159,906
Net current assets		**313,171**	327,533
Total assets less current liabilities		**1,195,308**	1,292,692
Non-current liability			
Deferred tax liabilities		**4,726**	4,911
NET ASSETS		**1,190,582**	1,287,781
CAPITAL AND RESERVES			
Share capital		**383,909**	383,909
Reserves		**781,282**	876,797
Total equity attributable to shareholders of the Company		**1,165,191**	1,260,706
Non-controlling interests		**25,391**	27,075
TOTAL EQUITY		**1,190,582**	1,287,781

Notes:
(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation

This interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 November 2016.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the annual financial statements of the Group for the year ending 31 March 2017. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial results in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial results are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to shareholders. In addition, the interim financial results have been reviewed by the Company's audit committee.

This interim financial results contain consolidated statement of financial position as at 30 September 2016 and the related consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the six months period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2016. This interim financial results do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2016 that is included in the interim financial results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to HKFRSs 2012-2014 Cycle*

- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of garments: the manufacture, retail and wholesale of garments.
- Licensing of trademarks: the management and licensing of trademarks for royalty income.
- Printing and related services: the manufacture and sale of printed products.
- Property rental: the leasing of properties to generate rental income.

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

For six months ended 30 September	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**286,618**	371,732	**33,504**	36,563	**16,955**	20,280	**4,167**	3,196	**341,244**	431,771
Inter-segment revenue	**-**	-	**7,127**	12,306	**132**	196	**4,561**	2,219	**11,820**	14,721
Reportable segment revenue	**286,618**	371,732	**40,631**	48,869	**17,087**	20,476	**8,728**	5,415	**353,064**	446,492
Reportable segment (loss)/profit (adjusted EBITDA)	**(73,435)**	(53,864)	**19,145**	16,858	**2,848**	6,046	**5,268**	5,619	**(46,174)**	(25,341)
	30 Sep 2016	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**551,599**	768,781	**672,744**	692,809	**26,228**	25,621	**245,219**	252,191	**1,495,790**	1,739,402
Reportable segment liabilities	**144,050**	356,648	**261,215**	237,815	**3,806**	8,024	**10,990**	2,879	**420,061**	605,366

The measure used for reporting segment loss/profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation and impairment loss on non-current assets", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA, the Group's losses/earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Reportable segment loss	**(46,174)**	(25,341)
Elimination of inter-segment profits	**(1,995)**	(4,061)
Reportable segment loss derived from the Group's external customers	**(48,169)**	(29,402)
Other (loss)/income	**(2,031)**	491
Depreciation and amortisation	**(11,663)**	(18,839)
Valuation gain on investment property	**1,800**	-
Expenses for proposed separate listing of a subsidiary	**-**	(9,200)
Finance costs	**(319)**	(109)
Unallocated head office and corporate expenses	**(9,191)**	(2,826)
Consolidated loss before taxation	**(69,573)**	(59,885)

4. Seasonality of operations

The Group's sales of garments division on average experiences higher sales in the second half year, compared to the first half year, due to the increased demand of its products during the holiday season. As such, the first half year reports lower revenue and segment result for this segment than the second half.

For the twelve months ended 30 September 2016, the sales of garments division reported reportable segment revenue of $690,825,000 (twelve months ended 30 September 2015: $892,366,000) and reportable segment loss of $112,369,000 (twelve months ended 30 September 2015: $28,516,000).

5. Loss before taxation

Loss before taxation is arrived at after charging/(crediting) :

	Six months ended 30 September	
	2016	2015
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans and overdrafts wholly repayable within five years	**319**	109
(b) Other items		
Depreciation and amortisation	**11,663**	18,839
Inventories write-down and losses net of reversals	**(11,088)**	(9,121)
Net realised and unrealised loss/(gain) on trading securities	**407**	(861)
Interest income	**(58)**	(278)
Dividend income from listed securities	**(3)**	(5)

(c) Expenses for proposed separate listing of a subsidiary

On 13 April 2015, the Company submitted to The Stock Exchange of Hong Kong Limited ("the Stock Exchange") to apply for the listing of the shares of HKSP Holdings Limited ("HKSPH") on The Growth Enterprise Market of the Stock Exchange ("Proposed Spin-off") by ways of placing of the shares of HKSPH with professional and institutional investors and distribution in specie whereby a portion of the entire issued share capital of HKSPH will be allocated to shareholders of the Group in proportion to their respective shareholding in the Group. On 9 September 2015, HKSPH was notified by the listing division of the Stock Exchange that the Listing Application was rejected. The Company and HKSPH had considered advice from the professional parties and decided to postpone the Proposed Spin-off. Legal and professional expenses in respect of the Proposed Spin-off amounting to $9,200,000 were recognised for the six months period ended 30 September 2015.

6. Income tax

	Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Current tax - Hong Kong Profits Tax	**1,283**	1,492
Current tax - Outside Hong Kong	**(352)**	(650)
Deferred taxation	**(3,480)**	(9,887)
	(2,549)	(9,045)

The provision for Hong Kong Profits Tax for 2016 is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

7. Dividends

(a) Dividend payable to equity shareholders attributable to the interim period:

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

(b) Dividends payable to equity shareholders attributable to the previous financial year and approved during the interim period:

Final dividends of 5.0 HK cents per share in respect of the year ended 31 March 2016 amounted to $8,293,000 was proposed by the directors on 29 June 2016 and was fully approved in the Company's Annual General Meeting on 14 September 2016. The dividends were paid on 3 October 2016. At 30 September 2016, the amount of dividends payable was included in "dividends payable" in the consolidated statement of financial position.

Final dividends of 30.0 HK cents per share in respect of the year ended 31 March 2015 amounted to $49,758,000 was approved during the period ended 30 September 2015 and paid during the year ended 31 March 2016.

8. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $65,357,000 (six months ended 30 September 2015: $48,633,000) and the weighted average of 165,864,000 shares (2015: 165,864,000 shares) in issue during the interim period.

(b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding during six months ended 30 September 2016 and 2015. Accordingly, the diluted loss per share is the same as basic loss per share.

9. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	30 September 2016	31 March 2016
	$'000	*$'000*
Within 1 month	**48,838**	52,061
Over 1 month but within 2 months	**6,806**	12,498
Over 2 months but within 3 months	**2,067**	4,409
Over 3 months	**8,864**	5,082
Trade debtors, net of allowance for doubtful debts	**66,575**	74,050
Deposits, prepayments and other receivables	**50,405**	41,414
Amounts due from related companies	**3**	10
Club memberships	**750**	750
	117,733	116,224

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade debtors are due within 30 days to 90 days from the date of billing.

10. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	30 September 2016	31 March 2016
	$'000	*$'000*
Within 1 month	**34,544**	36,974
Over 1 month but within 3 months	**9,179**	7,623
Over 3 months but within 6 months	**3,588**	4,032
Over 6 months	**1,787**	1,331
Total creditors and bills payable	**49,098**	49,960
Other payables and accrued charges	**101,616**	75,041
Amounts due to related companies	**9,051**	4,086
	159,765	129,087

11. Assets held for sale

On 19 August 2016, the Group entered into a preliminary agreement to sell an investment property in Hong Kong to a third party at a cash consideration of $66,800,000 and accordingly, the investment property is reclassified as assets held for sale.

As at 30 September 2016, deposits of $6,680,000 had been received and included in trade and other payables. The transaction is expected to be completed on or before 30 December 2016.

12. Non-adjusting event after the reporting period

Subsequent to the reporting period, the Group entered into a Memorandum of Understanding with two independent third parties (the "Proposed Purchasers") on 17 October 2016 relating to a proposed disposal of its business operations in relation to the manufacturing and sales of products under the "Aquascutum" brand and the intellectual property rights associated with the brand (the "Proposed Disposal"), at a proposed consideration of US$120,000,000 (approximately $930,700,000) (subject to an upward or downward adjustment of not more than US$5,000,000 (approximately $38,800,000) based on further negotiations).

On 17 October 2016, a non-refundable deposit of US$5,000,000 (approximately $38,800,000) has been received from the Proposed Purchasers for granting them exclusivity rights on the Proposed Disposal. The transaction is expected to be completed before 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

Following the United Kingdom electorate voted to leave the European Union on 23 June 2016, political and economic shock waves have already ripped out the United Kingdom and across the globe from the landmark decision. Devaluation of Pound Sterling adversely affected the value of assets in Pound Sterling when translating into Hong Kong Dollar.

On 19 August 2016, a wholly-owned subsidiary of the Company entered into the preliminary sale and purchase agreement with an independent third party for the sale of the whole of Ground Floor, Lead On Industrial Building, No. 18 Ng Fong Street, San Po Kong, Kowloon, Hong Kong at a consideration of HK$66,800,000 and has received a deposit of HK$6,680,000. Completion is scheduled to take place on or before 30 December 2016.

Subsequent to the reporting period, the Group entered into a Memorandum of Understanding with two independent third parties (the "Proposed Purchasers") on 17 October 2016 relating to a proposed disposal of its all business operations in relation to the manufacturing and sales of products under the "Aquascutum" brand and the intellectual property rights associated with the brand (the "Proposed Disposal"), at a proposed consideration of US$120,000,000 (approximately HK$930,700,000) (subject to an upward or downward adjustment of not more than US$5,000,000 (approximately HK$38,800,000) based on further negotiations). On 17 October 2016, a non-refundable deposit of US$5,000,000 (approximately HK$38,800,000) has been received from the Proposed Purchasers for the exclusivity rights. The transaction is expected to be completed before 31 March 2017.

RESULTS OF THE GROUP'S OPERATIONS

The interim period ended 30 September 2016 has proven to be very challenging. The Group recorded a loss for the period which was mainly attributable to the significant decrease in sales in the retail and wholesale of branded garments, leather goods and accessories, the Group's principal business, caused by a decline in the retail markets in which the Group operates, particularly in Hong Kong and Mainland China.

Retail and wholesale of branded garments, leather goods and accessories business in Hong Kong and Mainland China, the Group's principal operating markets, were adversely impacted by economic and exchange rate factors during the period. In the Hong Kong market, diminished inbound tourist traffic growth, in particular from Mainland China, was attributed to the strength of the Hong Kong dollar and the easing of immigration in multiple tourist destinations. Slow economic growth continued to cause considerable impact on consumer spending in the Mainland China market.

Group's operations

	Six months ended 30 September		
	2016	2015	change
	HK$'000	*HK$'000*	
Revenue	**341,244**	431,771	-21.0%
Gross profit	**190,973**	257,231	-25.8%
Gross profit margin	**56.0%**	59.6%	-3.6 pp
Loss from operations	**(71,054)**	(50,576)	40.5%
Operating margin	**-20.8%**	-11.7%	-9.1 pp
Loss attributable to equity shareholders of the Company	**(65,357)**	(48,633)	34.4%
Net loss margin	**-19.2%**	-11.3%	-7.9 pp
EBITDA	**(57,591)**	(40,937)	40.7%
EBITDA margin	**-16.9%**	-9.5%	-7.4 pp
Loss per share - basic	**($0.394)**	($0.293)	34.5%

The Group's revenue decreased by 21.0% to HK$341,244,000 (2015: HK$431,771,000). Total sales of garments, which is the Group's core business, fell by 22.9% to HK$286,618,000 (2015: HK$371,732,000). Total licensing of trademarks income from external customers decreased by 8.4% to HK$33,504,000 (2015: HK$36,563,000). Total gross profit decreased by 25.8% to HK$190,973,000 (2015: HK$257,231,000). Overall gross profit margin decreased to 56.0% from 59.6% for the last year same period.

The Group recorded a loss for the period of HK$67,024,000 (2015: HK$50,840,000). Total operating expenses amounted to HK$259,511,000 (2015: HK$309,029,000), representing a decrease of 16.0%. Total rental and other occupancy expenses of the Group decreased by 21.6% to HK$97,635,000 (2015: HK$124,496,000) which accounted for 28.6% (2015: 28.8%) of the Group's revenue. Total staff costs, including directors' remuneration, decreased by 0.2% to HK$100,824,000 (2015: HK$101,001,000) and accounted for 29.5% (2015: 23.4%) of the Group's revenue. Total advertising and promotion expenses of the Group decreased by 13.0% to HK$14,100,000 (2015: HK$16,214,000) which accounted for 4.1% (2015: 3.8%) of the Group's revenue. Furthermore, the one-off legal and professional expenses in respect of the proposed spin-off and separate listing of the Group's printing business on the Growth Enterprise Market of the Stock Exchange totaling HK$9,200,000 were incurred in last year same period.

Cash Flow from Operations

Net cash of HK$40,895,000 (2015: HK$60,408,000) was used in operations for the period. Stocks as at the end of the period decreased slightly to HK$258,701,000 from HK$262,757,000 as at 31 March 2016. Current ratio decreased to 2.5 (31 March 2016: 3.0).

As at 30 September 2016, the Group had cash and bank deposits net of overdrafts of HK$44,786,000 (31 March 2016: HK$90,310,000), a decrease of HK$45,524,000 after accounting for the receipt of part of the consideration of HK$6,680,000 for the disposal of the industrial properties at San Po Kong, Kowloon, Hong Kong. At 30 September 2016, the Group had trading securities with a fair value of HK$2,047,000 (31 March 2016: HK$2,546,000).

During the period, the Group spent approximately HK$14,673,000 in additions and replacement of other property, plant and equipment, compared to HK$14,404,000 for the previous year.

GROUP'S FINANCIAL POSITION

The Group financed its operations by internally generated cashflows and banking facilities provided by its bankers. The Group continues to maintain a prudent approach in managing its financial requirements.

The Group's net assets as at 30 September 2016 were HK$1,190,582,000 (31 March 2016: HK$1,287,781,000). The Group's gearing ratio at the end of the reporting period was 0.030 (31 March 2016: 0.021) which was calculated based on total borrowings of HK$35,358,000 (31 March 2016: HK$27,025,000) and shareholders' equity of HK$1,165,191,000 (31 March 2016: HK$1,260,706,000). The Group's borrowings are mainly on a floating rate basis.

The Group also maintains a conservative approach to foreign exchange exposure management. The Group is exposed to currency risk primarily through income and expenditure streams denominated in United States Dollars, Pound Sterling, Euros, Renminbi Yuan and Japanese Yen. To manage currency risks, non Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible.

OPERATIONS REVIEW

Sales of Garments

	Six months ended 30 September		
	2016	2015	change
	HK$'000	HK$'000	
Revenue from sales of garments	**286,618**	371,732	-22.9%
Segment loss	**(73,435)**	(53,864)	36.3%
Segment loss margin	**-25.6%**	-14.5%	-11.1 pp
Inventory turnover (days) *(Note)*	**330.8**	327.8	0.9%

Note: Inventory held at the period end divided by period cost of sales times 183 days

Sales of garments is the Group's principal business which is retailing and wholesaling of branded garments, leather goods and accessories. Total revenue of the segment declined by 22.9% to HK$286,618,000 (2015: HK$371,732,000). The segment recorded a loss of HK$73,435,000 for the reporting period (2015: HK$53,864,000). Inventory turnover increased from 327.8 days for the previous period to 330.8 days.

Aquascutum apparel retail and wholesale business in the United Kingdom recorded a 15.8% decrease in term of GBP from the previous period in total revenue from external customers and also recorded a higher discount offered for sales of stock. Hence, losses from operations for the reporting period increased significantly from the previous period.

Total revenue of the segment in other areas, mainly the Greater China region, decreased by 22.1%.

Rental represents a considerably significant portion of the total retail operating costs and has continued to place downward pressure on the segment's profitability during the period, Hong Kong in particular. The Group is still absorbing the adverse impact of significant rent increases in past years in Hong Kong. Furthermore, the Group will remain prudent with regard to store network expansion.

Number of POSs by geographical locations

	Mainland China		Hong Kong		Macau		Taiwan		Europe		Total	
	30 Sep 2016	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016	**30 Sep 2016**	31 Mar 2016
Aquascutum	**96**	110	**10**	10	**4**	4	**25**	26	**11**	12	**146**	162
Ashworth	**39**	40	**10**	11	**4**	6	**5**	7	**-**	-	**58**	64
J.Lindeberg	**-**	-	**8**	7	**3**	3	**-**	-	**-**	-	**11**	10
Michel Rene	**-**	-	**1**	1	**-**	-	**-**	-	**-**	-	**1**	1
Guy Laroche	**-**	-	**-**	-	**-**	-	**-**	-	**1**	1	**1**	1
Total	**135**	150	**29**	29	**11**	13	**30**	33	**12**	13	**217**	238

As at the end of September 2016, the Group has a distribution network of 217 POSs in our operating market which reduced by 21 POSs from the end of March 2016.

Licensing of Trademark

The Group owns the global intellectual property rights of Guy Laroche and Aquascutum. Total income of licensing of trademarks from external customers decreased by 8.4% to HK$33,504,000 (2015: HK$36,563,000).

Other Business

Security printing business recorded a decline in both revenue from external customers and segment profit.

Property rental income from external customers increased from HK$3,196,000 for the previous year to HK$4,167,000. On 19 August 2016, the Group entered into the preliminary sale and purchase agreement with an independent third party for the sale of the whole of Ground Floor, Lead On Industrial Building, No. 18 Ng Fong Street, San Po Kong, Kowloon, Hong Kong at a consideration of HK$66,800,000 and has received a deposit of HK$6,680,000. Completion is scheduled to take place on or before 30 December 2016.

HUMAN RESOURCES

As at 30 September 2016, the Group had approximately 1,300 employees (31 March 2016: 1,300). The Group offers competitive remuneration packages including medical subsidies and retirement scheme contributions to its employees in compensation for their contribution. In addition, discretionary bonuses may also be granted to the eligible employees based on the Group's and individuals' performances.

OUTLOOK

Retail environment remain uncertain for the next six months. In China, we are facing devaluation of Renminbi. And, in the United Kingdom, there is devaluation of Pound Sterling couple with Brexit. The management is working hard to minimize effects of these adverse conditions with cost control and re-negotiate with landlords wherever possible.

As disclosed in the announcement made by the Company on 17 October 2016, we had signed Memorandum of Understanding in respect of proposed disposal of all business operations in relation to the manufacturing and sales of products under the "Aquascutum" brand and the intellectual property rights associated with the brand at a consideration of USD120,000,000 and received from the proposed purchasers an non-refundable deposit of USD5,000,000. Due diligence process by the proposed purchasers and preparation of sale and purchase agreement are now in progress.

In spite of macro-economic challenges, the Group continue to push for new opportunities and, in the reporting period, have signed distributions agreements with two new brands to be marketed in the Greater China region in 2017. However, in light of high operating costs, especially shop rental, the Group will remain prudent with regard to new brand shop network expansion.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2016, the Company has compiled with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a Securities Dealing Code regarding directors' securities transactions on terms no less exacting than required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and its Securities Dealing Code throughout the period under review.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises four independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial statements of the Group for the period ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2016.

By Order of the Board
YGM TRADING LIMITED
Chan Wing Sun, Samuel
Chairman

Hong Kong, 28 November 2016

As at the date of this announcement the Board comprises seven executive Directors, namely Mr. Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Mr. Fu Sing Yam William, Mr. Andrew Chan, Mr. Chan Wing Fui Peter, Mr. Chan Wing Kee and Mr. Chan Wing To, and four independent non-executive Directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung Michael and Mr. Choi Ting Ki.