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 2013

INTERIM RESULTS

The Board of Directors (the "Board") of YGM Trading Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013 as follows. The interim results for the period ended 30 September 2013 have not been audited, but have been reviewed by KPMG.

CONSOLIDATED INCOME STATEMENT – UNAUDITED

(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended 30 September	
		2013	2012
	Note	***$'000***	*$'000*
Turnover	3 & 4	**589,731**	605,262
Cost of sales		**(208,697)**	(205,466)
Gross profit		**381,034**	399,796
Other revenue		**8,059**	9,887
Other net income		**4,798**	1,828
Distribution costs		**(213,589)**	(215,354)
Administrative expenses		**(80,818)**	(88,559)
Other operating expenses		**(5,378)**	(431)
Profit from operations		**94,106**	107,167
Reversal of indemnity liabilities arising from disposal of interest in associate	5(c)	**30,024**	-
Net gain on disposal of assets held for sale	5(d)	**-**	15,846
Loss on litigation	5(e)	**-**	(15,664)
Finance costs	5(a)	**(71)**	(50)
Profit before taxation	5	**124,059**	107,299
Income tax	6	**(13,434)**	(15,493)
Profit for the period		**110,625**	91,806
Attributable to :			
Equity shareholders of the Company		**111,154**	91,640
Non-controlling interests		**(529)**	166
Profit for the period		**110,625**	91,806
Earnings per share	8		
Basic		**67.0 cents**	55.3 cents
Diluted		**67.0 cents**	55.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED
(Expressed in Hong Kong dollars unless otherwise indicated)

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
Profit for the period	**110,625**	91,806
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	**9,575**	(1,811)
Total comprehensive income for the period	**120,200**	89,995
Attributable to :		
Equity shareholders of the Company	**120,878**	89,960
Non-controlling interests	**(678)**	35
Total comprehensive income for the period	**120,200**	89,995

CONSOLIDATED BALANCE SHEET – UNAUDITED
(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	**30 September 2013** **$'000**	31 March 2013 $'000
Non-current assets			
Fixed assets			
- Investment properties		**110,500**	110,500
- Other property, plant and equipment		**100,177**	87,251
- Interest in leasehold land held for own use under operating lease		**5,366**	5,344
		216,043	203,095
Intangible assets		**447,882**	447,882
Lease premiums		**13,183**	7,737
Other financial assets		**195**	185
Deferred tax assets		**59,991**	54,050
		737,294	712,949
Current assets			
Other financial assets		**-**	264
Trading securities		**15,069**	1,715
Inventories		**268,285**	236,340
Trade and other receivables	9	**174,170**	187,798
Current tax recoverable		**25,064**	25,206
Cash and cash equivalents		**576,826**	656,144
		1,059,414	1,107,467
Current liabilities			
Trade and other payables	10	**219,293**	253,816
Bank overdrafts		**15,643**	4,071
Current tax payable		**53,200**	41,776
		288,136	299,663
Net current assets		**771,278**	807,804
Total assets less current liabilities		**1,508,572**	1,520,753
Non-current liabilities			
Deferred tax liabilities		**4,435**	4,300
NET ASSETS		**1,504,137**	1,516,453
CAPITAL AND RESERVES			
Share capital		**82,932**	82,932
Reserves		**1,394,542**	1,406,355
Total equity attributable to shareholders of the Company		**1,477,474**	1,489,287
Non-controlling interests		**26,663**	27,166
TOTAL EQUITY		**1,504,137**	1,516,453

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 29 November 2013.

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 2013, 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 2014. 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 balance sheet as at 30 September 2013 and the related consolidated income statement and consolidated statement of 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 2013. This interim financial results does 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 2013 that is included in the interim financial results as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2013 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 June 2013.

2. Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*

- Amendments to HKFRS 7, *Financial instruments: Disclosures − Disclosures − Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in interim financial results has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements,* relating to the preparation of consolidated financial statements and Hong Kong (SIC) Interpretation 12, *Consolidation - Special purpose entities.* It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial report as a result of adopting HKFRS 12.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and segment liabilities in note 3.

Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation,* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

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**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**515,784**	527,906	**51,527**	55,131	**20,952**	19,711	**1,468**	2,514	**589,731**	605,262
Inter-segment revenue	**-**	-	**8,311**	8,251	**367**	522	**1,695**	1,596	**10,373**	10,369
Reportable segment revenue	**515,784**	527,906	**59,838**	63,382	**21,319**	20,233	**3,163**	4,110	**600,104**	615,631
Reportable segment profit (adjusted EBITDA)	**73,434**	80,164	**28,686**	38,702	**5,966**	5,113	**2,748**	3,401	**110,834**	127,380
	30 Sep 2013	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**484,815**	460,513	**488,583**	527,510	**32,268**	36,479	**110,612**	110,739	**1,116,278**	1,135,241
Reportable segment liabilities	**179,243**	235,984	**40,594**	31,522	**4,689**	3,976	**592**	631	**225,118**	272,113

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

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
Reportable segment profit	**110,834**	127,380
Elimination of inter-segment profits	**(2,838)**	(1,923)
Reportable segment profit derived from the Group's external customers	**107,996**	125,457
Reversal of indemnity liabilities arising from disposal of interest in associate	**30,024**	-
Net gain on disposal of assets held for sale	**-**	15,846
Loss on litigation	**-**	(15,664)
Other revenue	**2,987**	4,071
Other net loss	**(827)**	(419)
Depreciation and amortisation	**(13,057)**	(14,576)
Finance costs	**(71)**	(50)
Unallocated head office and corporate expenses	**(2,993)**	(7,366)
Consolidated profit before taxation	**124,059**	107,299

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 2013, the sales of garments division reported reportable segment revenue of $1,188,501,000 (twelve months ended 30 September 2012: $1,229,446,000), and reportable segment profit of $184,829,000 (twelve months ended 30 September 2012: $257,213,000).

5. Profit before taxation

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

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
(a) Finance costs		
Interest on bank overdrafts wholly repayable within five years	**71**	50
(b) Other items		
Depreciation and amortisation of fixed assets	**13,057**	14,576
Inventories write-down and losses	**3,870**	6,641
Reversal of write-down of inventories	**(16,929)**	(4,431)
Net realised and unrealised loss on trading securities	**46**	623
Net realised gain on other financial assets	**(86)**	-
Interest income	**(2,982)**	(4,065)
Dividend income from listed securities	**(5)**	(6)

(c) Reversal of indemnity liabilities arising from disposal of interest in associate

On 26 January 2012, the Group disposed of all its interest in associate, Hang Ten Group Holdings Limited ("HTGH"), for cash consideration of $600,485,000. The indemnity liabilities as at 31 March 2013 represented a contractual indemnity provided to the acquirer of HTGH if certain events occur with an expiry date at eighteen months from the completion date i.e. 26 July 2013.

During the period ended 30 September 2013, there were no indemnity raised by the acquirer of HTGH. Upon the expiry of contractual indemnity on 26 July 2013, reversal of indemnity liabilities arising from disposal of interest in associate amounted to $30,024,000 was recognised in the consolidated income statement for the six months ended 30 September 2013.

(d) Net gain on disposal of assets held for sale

On 28 June 2012, the Group disposed its investment properties, which had been reclassified as assets held for sale as at 31 March 2012 with carrying value of $420,000,000, at a cash consideration of $439,800,000 to an independent third party. After netting off professional fees of $3,954,000, a net gain of $15,846,000 was recognised in the consolidated income statement for the six months ended 30 September 2012.

Upon completion of the disposal, land and buildings revaluation reserve in respect of these investment properties amounted to $383,933,000 was transferred to retained earnings.

(e) Loss on litigation

In March 2008, the Group's subsidiary in France (the "French Subsidiary") early terminated the licensing contract (the "Licensing Contract") with a company incorporated in France, which was a former licensee of the Group's men's wear for Southern Europe and North Africa (the "Former Licensee"), on the ground that the Former Licensee breached the Licensing Contract on numerous occasions.

The French Subsidiary then initiated a claim in the Tribunal of Commerce of Paris against the Former Licensee requesting confirmation of termination of the Licensing Contract and compensation for damages in an amount of EUR1,404,000 for the breach of the Licensing Contract by the Former Licensee. The Former Licensee counterclaimed for losses arising from the wrongful termination of the Licensing Contract for approximately EUR2,773,000.

On 22 December 2010, the Tribunal of Commerce of Paris ruled against the French Subsidiary and ordered it to pay approximately EUR2,600,000 as damages for the loss of gross margins resulting from the termination of the Licensing Contract, approximately EUR15,000 for a design fee and EUR15,000 towards legal costs. The Tribunal of Commerce of Paris ordered the design fee of EUR15,000 to be paid immediately while the damages of approximately EUR2,600,000 were suspended pending the judgment from the Court of Appeal after the French Subsidiary appealed against the ruling on 28 December 2010.

On 27 June 2012, the Court of Appeal confirmed the judgment of the Tribunal of Commerce but reduced the damages to approximately EUR1,980,000 (equivalent to $19,840,000) instead of the sum of approximately EUR2,600,000 (equivalent to $26,052,000). The French Subsidiary's legal counsels advised that, although the French Subsidiary had filed an appeal with the Cour de cassation, it was unlikely to render a decision within 12 to 18 months from 27 June 2012 and in the meantime the Court of Appeal's judgment was enforceable. However, after having considered the further costs involved, the Group decided to settle with the Former Licensee. On 25 September 2012, the French Subsidiary entered into a settlement agreement with the Former Licensee for settlement of outstanding issues between the parties against a payment of EUR1,600,000 (equivalent to $15,664,000). A loss on litigation of $15,664,000 was recognised in the consolidated income statement for the six months ended 30 September 2012.

6. Income tax

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
Current tax - Hong Kong Profits Tax	**11,926**	13,461
Current tax - Outside Hong Kong	**4,831**	4,608
Deferred tax	**(3,323)**	(2,576)
	13,434	15,493

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 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:*

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
Interim dividend declared of 25 cents (2012: 25 cents) per share	**41,466**	41,466

The interim dividend has not been recognised as a liability at the balance sheet date.

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

	Six months ended 30 September	
	2013	2012
	$'000	*$'000*
Special dividend in respect of the previous financial year, approved and paid during the period, of $Nil (2012: $4) per share	**-**	663,455
Final dividend in respect of the previous financial year, approved and paid (2012: payable) during the period, of 80 cents (2012: 80 cents) per share	**132,691**	132,691
	132,691	796,146

The final dividend of 80 cents per shares in respect of the year ended 31 March 2012 was paid in October 2012.

8. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $111,154,000 (six months ended 30 September 2012: $91,640,000) and the weighted average number of ordinary shares of 165,864,000 shares (2012: 165,804,000 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $111,154,000 (six months ended 30 September 2012: $91,640,000) and the weighted average number of ordinary shares of 165,877,000 shares (2012: 165,815,000 shares) in issue during the period.

9. Trade and other receivables

As of the balance sheet date, 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 2013 *$'000*	31 March 2013 *$'000*
Within 1 month	**60,071**	63,501
1 to 2 months	**4,520**	9,575
2 to 3 months	**2,180**	13,004
Over 3 months	**5,117**	9,723
Trade debtors, net of allowance for doubtful debts	**71,888**	95,803
Deposits, prepayments and other receivables	**101,530**	91,230
Amounts due from related companies	**2**	15
Club memberships	**750**	750
	174,170	187,798

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 balance sheet date, 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 2013 *$'000*	31 March 2013 *$'000*
Within 1 month	**45,203**	35,104
1 to 3 months	**22,525**	9,230
Over 3 months but within 6 months	**2,485**	349
Over 6 months	**6,882**	1,177
Total creditors and bills payable	**77,095**	45,860
Other payables and accrued charges	**138,073**	176,547
Indemnity liabilities (note 5 (c))	**-**	30,024
Amounts due to related companies	**2,550**	1,385
Loan from non-controlling interests	**1,575**	-
	219,293	253,816

Loan from non-controlling interests is unsecured, interest free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group's Operations

Group's operations

	Six months ended 30 September		
	2013	2012	**change**
	HK$'000	*HK$'000*	
Turnover	**589,731**	605,262	-2.6%
Gross profit	**381,034**	399,796	-4.7%
Gross profit margin	**64.6%**	66.1%	-1.5 pp
Profit from operations	**94,106**	107,167	-12.2%
Operating margin	**16.0%**	17.7%	-1.7 pp
Reversal of indemnity liabilities arising from disposal of interest in associate	**30,024**	-	
Net gain on disposal of assets held for sale	**-**	15,846	
Loss on litigation	**-**	(15,664)	
Profit attributable to equity shareholders of the Company	**111,154**	91,640	21.3%
Net profit margin	**18.8%**	15.1%	3.7 pp
EBITDA	**137,187**	121,925	12.5%
EBITDA margin	**23.3%**	20.1%	3.2 pp
Earnings per share - basic	**$0.670**	$0.553	21.2%
Interim dividend per share	**$0.250**	$0.250	-
Dividend payout	**37.3%**	45.2%	-7.9 pp

The financial period under review was challenging which was characterised by weak global economic conditions; the prospect of a slowdown in the face of long-term Treasury repurchases by the federal government of the U.S.A., the recession in Eurozone economies, the moderate economic growth in Mainland China and the slowdown in consumer spending continued to affect adversely on our business in the Greater China region and Europe. As a result, turnover of the Group decreased by 2.6% to HK$589,731,000 (2012: HK$605,262,000). Total sales of garments, which is the Group's principal business, dropped by 2.3% to HK$515,784,000 (2012: HK$527,906,000). And, total income of licensing of trademarks from external customers decreased by 6.5% to HK$51,527,000 (2012: HK$55,131,000). Hence, total gross profit decreased by 4.7% to HK$381,034,000 (2012: HK$399,796,000). Overall gross profit margin dropped to 64.6% from 66.1% for the same period last year, representing 1.5 percentage points decrease.

Profit from operations decreased by 12.2% from HK$107,167,000 for the same period last year to HK$94,106,000. Total operating expenses amounted to HK$299,785,000 (2012: HK$304,344,000), representing a decrease of 1.5%. Total rental and other occupancy expenses of the Group dropped by 1.4% to HK$109,687,000 (2012: HK$111,209,000) which accounted for 18.6% (2012: 18.4%) of the turnover of the Group. Total staff costs, including directors' remuneration, decreased by 6.9% to HK$110,550,000 (2012: HK$118,795,000) and accounted for 18.7% (2012: 19.6%) of the turnover of the Group. Total advertising and promotion expenses of the Group grew by 30.7% to HK$18,897,000 (2012: HK$14,453,000) which accounted for 3.2% (2012: 2.4%) of the turnover of the Group.

Profit attributable to equity shareholders of the Company was HK$111,154,000 which surpassed HK$91,640,000 for same period last year. Major attribute was a reversal of indemnity liabilities arising from disposal of interest in associate of HK$30,024,000.

For the period under review, EBITDA of the Group increased by 12.5% to HK$137,187,000 (2012: HK$121,925,000). EBITDA margin increased from 20.1% for the same period last year to 23.3%.

Basic earnings per share increased by 21.2% to 67.0 HK cents (2012: 55.3 HK cents).

Cash flow from operations

For the period ended 30 September 2013, the Group generated HK$79,454,000 of cash from operations which improved significantly from HK$5,194,000 of the previous year same period; such low level of cash from operations for the period ended 30 September 2012 was due to purchases of stocks for retail operations in the United Kingdom commenced in May 2012. Hence, current ratio increased to 3.7 (2012: 2.7).

As at 30 September 2013, the Group had cash and bank deposits net of overdrafts of HK$561,183,000, a decrease of HK$90,890,000 from HK$652,073,000 as at 31 March 2013 after a payment of dividend of HK$132,691,000. At 30 September 2013, the Group had trading securities with a fair value of HK$15,069,000 (31 March 2013: HK$1,715,000).

During the period, the Group spent approximately HK$24,786,000 in additions and replacement of fixed assets, compared to HK$16,500,000 for the same period last 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 2013 were HK$1,504,137,000 as compared with HK$1,516,453,000 as at 31 March 2013. The Group's gearing ratio at the period end was 0.011 (31 March 2013: 0.003) which was calculated based on total borrowings of HK$15,643,000 (31 March 2013: HK$4,071,000) and shareholders' equity of HK$1,477,474,000 (31 March 2013: HK$1,489,287,000). 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, Euros, Renminbi, Macau Pataca and Japanese Yen. To manage currency risks, non Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible.

As at 30 September 2013, the Company issued guarantees to banks to secure banking facilities provided to the subsidiaries amounting to HK$97,240,000 (31 March 2013: HK$94,870,000). The maximum liability of the Company at the balance sheet date under the guarantees issued is the amount of banking facilities drawn down by the relevant subsidiaries amounting to HK$16,422,000 (31 March 2013: HK$4,476,000).

Operations review

Sales of garments

	Six months ended 30 September		
	2013	2012	**change**
	HK$'000	*HK$'000*	
Revenue from sales of garments	**515,784**	527,906	-2.3%
Segment profit	**73,434**	80,164	-8.4%
Segment profit margin	**14.2%**	15.2%	-1.0 pp
Inventory turnover (days) (note)	**235.3**	243.1	-3.2%

Note: Inventory held at the period end divided by 183 days.

Sales of garments is the Group's principal business which is mainly retailing and wholesaling of branded garments in the Greater China region. Total sales of garments decreased by 2.3% to HK$515,784,000 (2012: HK$527,906,000) and total segment profit decreased by 8.4% from HK$80,164,000 for the previous year same period to HK$73,434,000.

Number of POSs by geographical locations

	Mainland China		Hong Kong		Macau		Taiwan		Europe		South Korea & Southeast Asia		Total	
	30 Sep 2013	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013	**30 Sep 2013**	31 Mar 2013
Aquascutum	**139**	132	**9**	10	**5**	5	**30**	29	**9**	13	**-**	**-**	**192**	189
Ashworth	**47**	47	**12**	11	**4**	4	**2**	2	**-**	-	**-**	**-**	**65**	64
J.Lindeberg	**-**	-	**7**	8	**2**	2	**-**	**-**	**-**	-	**-**	**-**	**9**	10
Peak Performance	**-**	-	**1**	-	**-**	-	**-**	**-**	**-**	-	**-**	**-**	**1**	-
Michel Rene	**4**	17	**5**	9	**1**	2	**2**	4	**-**	-	**-**	4	**12**	36
Guy Laroche	**-**	-	**-**	-	**-**	-	**-**	-	**1**	1	**-**	-	**1**	1
Total	**190**	196	**34**	38	**12**	13	**34**	35	**10**	14	**-**	4	**280**	300

As at the end of September 2013, the Group has a distribution network of 280 POSs in our operating market which was a net decrease of 20 POSs from the end of March 2013. Major attribute was a net decrease of 24 POSs of Michel Rene. Aquascutum was a net increase of 3 POSs to 192 POSs. Ashworth was a net increase of 1 POS. Peak Performance was launched in the period. The first Peak Performance boutique was opened in September 2013.

The manufacturing plant of the Group in Dongguan recorded an operating loss for the period in spite of our continuous efforts on controlling costs.

Licensing of trademarks

The Group owns the global intellectual property rights of Guy Laroche and Aquascutum. Total income of licensing of Guy Laroche and Aquascutum trademarks from external customers decreased by 6.5% to HK$51,527,000 (2012: HK$55,131,000). Guy Laroche dropped by 19.6% in terms of EUR from the previous year same period due to expiry of a licensee agreement in November 2012 which contributed a royalty income of EUR525,000 during last year same period despite Aquascutum increased by 4.9% from same period last year. In addition, a provision for doubtful debts of HK$5,090,000 was made in the period. Hence, segment profit fell by 25.9% from HK$38,702,000 for last year same period to HK$28,686,000.

Other business

Our security printing business recorded a segment profit of HK$5,966,000 (2012: HK$5,113,000). Income from leasing of industrial buildings from external customers is steady.

OUTLOOK

As mentioned in the 2012/13 Annual Report, Mainland China market continued to be weak. Both turnover and profit from operations of the Group has recorded a drop of 2.6% and 12.2% respectively. To achieve a healthy and profitable organisation, we have taken measures to minimise on overhead but continue our effort on marketing. In November this year, two new Aquascutum shops with 5,000 sq. ft. were opened in London and Times Square, Hong Kong respectively. Initial sales results were encouraging. Whilst business condition remains challenging in the second half of this financial year, we are still actively seeking expansion of our brands and still confident of returning a steady profit.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of 25 HK cents (2012: 25 HK cents) per share for the six months ended 30 September 2013 to shareholders whose names appears on the register of members of the Company as at the close of business on 16 December 2013. The interim dividend will be despatched to shareholders on 3 January 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 December 2013 to 19 December 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 13 December 2013.

SHARE OPTION SCHEME

On 23 September 2004, the Company adopted a share option scheme (the "Share Option Scheme") which will remain in force until 22 September 2014. Pursuant to the terms of the Share Option Scheme, the Company may grant options to eligible participants including directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of 15,469,879 new shares.

During the period, no option was granted to any employee of the Group and no option was exercised during the period.

HUMAN RESOURCES

As at 30 September 2013, the Group had approximately 1,800 employees (31 March 2013: 1,800). 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 and share options may also be granted to the eligible employees based on the Group's and individuals' performances.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2013, 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 2013.

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 2013.

By order of the Board
YGM TRADING LIMITED
Chan Wing Fui, Peter
Chairman

Hong Kong, 29 November 2013

As at the date of this announcement the Board comprises seven executive Directors, namely Dr. Chan Sui Kau, Mr. Chan Wing Fui Peter, Mr. Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Mr. Fu Sing Yam William, 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.