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 2018

The Board of Directors of YGM Trading Limited ("the Company") hereby announces the unaudited interim results of the Company and its subsidiaries (together referred to as "the Group") for the six months ended 30 September 2018 as follows. The interim results have not been audited, but have been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended 30 September	
		2018	2017
	Note	***$'000***	*$'000*
Revenue	3 & 4	**169,398**	311,342
Cost of sales		**(57,467)**	(121,595)
Gross profit		**111,931**	189,747
Other (loss)/income		**(6,391)**	17,667
Distribution costs		**(111,201)**	(186,541)
Administrative expenses		**(41,314)**	(62,602)
Other operating expenses		**(933)**	(2,685)
Loss from operations		**(47,908)**	(44,414)
Gain on disposal of an investment property		**3,580**	4,378
Finance costs	5(a)	**(39)**	(52)
Loss before taxation	5	**(44,367)**	(40,088)
Income tax credit/(expense)	6	**190**	(1,182)
Loss for the period		**(44,177)**	(41,270)
Attributable to :			
Equity shareholders of the Company		**(43,994)**	(39,601)
Non-controlling interests		**(183)**	(1,669)
Loss for the period		**(44,177)**	(41,270)
Loss per share	8		
Basic		**(26.5 cents)**	(23.9 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	
	2018	2017
	$'000	*$'000*
Loss for the period	**(44,177)**	(41,270)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Surplus on revlaution of land and buildings held for own use upon change of use to investment properties	**-**	85,797
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	**(17,720)**	14,039
Other comprehensive income for the period	**(17,720)**	99,836
Total comprehensive income for the period	**(61,897)**	58,566
Attributable to :		
Equity shareholders of the Company	**(61,144)**	59,949
Non-controlling interests	**(753)**	(1,383)
Total comprehensive income for the period	**(61,897)**	58,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	**30 September 2018** *$'000*	31 March 2018 *$'000*
Non-current assets			
Investment properties		**359,152**	381,580
Other property, plant and equipment		**35,067**	33,547
		394,219	415,127
Intangible assets		**102,050**	102,050
Lease premium		**5,961**	6,354
Rental deposits and prepayments		**19,159**	16,616
Deferred tax assets		**32,107**	32,964
		553,496	573,111
Current assets			
Trading securities		**7,864**	16,253
Inventories		**78,375**	74,093
Trade and other receivables	9	**47,711**	53,129
Current tax recoverable		**68**	304
Cash and cash equivalents		**123,263**	244,964
		257,281	388,743
Current liabilities			
Trade and other payables	10	**85,281**	79,824
Bank overdrafts		**4,830**	10,478
Current tax payable		**1,125**	907
Provisions	11	**119,026**	120,266
		210,262	211,475
Net current assets		**47,019**	177,268
Total assets less current liabilities		**600,515**	750,379
Non-current liability			
Deferred tax liabilities		**1,568**	1,730
NET ASSETS		**598,947**	748,649
CAPITAL AND RESERVES			
Share capital		**383,909**	383,909
Reserves		**193,767**	337,843
Total equity attributable to equity shareholders of the Company		**577,676**	721,752
Non-controlling interests		**21,271**	26,897
TOTAL EQUITY		**598,947**	748,649

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 2018.

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 2018, 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 2019. Details of these changes in accounting policies are set out in note 2.

The preparation of this 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.

This interim financial results contain consolidated statement of financial position as at 30 September 2018 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 2018. 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 interim financial results are unaudited, but have been reviewed by the Company's audit committee.

The financial information relating to the financial year ended 31 March 2018 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) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 March 2018. 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 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:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

The adoption of HKFRSs 9 and 15 has no material impact on the Group's financial position and performance during the relevant periods.

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 presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Sales of garments: the manufacture, wholesale and retail 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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**129,436**	255,374	**14,849**	34,400	**15,948**	16,810	**9,165**	4,758	**169,398**	311,342
Inter-segment revenue	**-**	-	**249**	6,932	**158**	135	**1,739**	3,975	**2,146**	11,042
Reportable segment revenue	**129,436**	255,374	**15,098**	41,332	**16,106**	16,945	**10,904**	8,733	**171,544**	322,384
Reportable segment (loss)/profit (adjusted EBITDA)	**(35,883)**	(58,567)	**(1,388)**	18,936	**1,937**	3,314	**9,300**	6,940	**(26,034)**	(29,377)
	30 Sep 2018	31 Mar 2018	**30 Sep 2018**	31 Mar 2018	**30 Sep 2018**	31 Mar 2018	**30 Sep 2018**	31 Mar 2018	**30 Sep 2018**	31 Mar 2018
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**377,678**	335,159	**122,974**	124,505	**21,520**	24,384	**365,271**	386,558	**887,443**	870,606
Reportable segment liabilities	**414,752**	371,019	**19,935**	27,745	**3,928**	4,757	**4,578**	3,687	**443,193**	407,208

The measure used for reporting segment (loss)/profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and impairment loss on non-current assets", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA, the Group's losses 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	
	2018	2017
	$'000	*$'000*
Reportable segment loss	**(26,034)**	(29,377)
Elimination of inter-segment profits	**(1,503)**	(2,746)
Reportable segment loss derived from the Group's external customers	**(27,537)**	(32,123)
Other income	**609**	87
Depreciation and amortisation	**(6,873)**	(10,944)
Gain on disposal of an investment property	**3,580**	4,378
Finance costs	**(39)**	(52)
Unallocated head office and corporate expenses	**(14,107)**	(1,434)
Consolidated loss before taxation	**(44,367)**	(40,088)

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 2018, the sales of garments division reported reportable segment revenue of $345,231,000 (twelve months ended 30 September 2017: $612,238,000) and reportable segment loss of $63,517,000 (twelve months ended 30 September 2017: $104,710,000).

5. Loss before taxation

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

	Six months ended 30 September	
	2018	2017
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans and overdrafts	**39**	52
(b) Other items		
Depreciation and amortisation	**6,873**	10,944
Inventories write-down and losses net of reversals	**1,243**	18
Net exchange loss/(gain)	**8,712**	(14,156)
Net realised and unrealised (gain)/loss on trading securities	**(38)**	16
Interest income	**(1,630)**	(121)
Dividend income from listed securities	**-**	(3)

6. Income tax (credit)/expense

	Six months ended 30 September	
	2018	2017
	$'000	*$'000*
Current tax - Hong Kong Profits Tax	**465**	2,027
Current tax - Outside Hong Kong	**416**	1,479
Deferred taxation	**(1,071)**	(2,324)
	(190)	1,182

The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 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	
	2018	2017
	$'000	*$'000*
Interim dividend declared after the interim period of 20.0 cents (2017: 20.0 cents) per ordinary share	**33,173**	33,173

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

Final dividends of 50.0 HK cents per ordinary share in respect of the year ended 31 March 2018 amounted to $82,932,000 was proposed by the directors on 27 June 2018 and was approved in the Company's Annual General Meeting on 3 September 2018. The dividends were paid on 21 September 2018.

Final dividends of 10.0 HK cents per ordinary share in respect of the year ended 31 March 2017 amounted to $16,586,000 was proposed by the directors on 27 June 2017 and was approved in the Company's Annual General Meeting on 20 September 2017. The dividends were paid on 12 October 2017.

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 $43,994,000 (six months ended 30 September 2017: $39,601,000) and the weighted average of 165,864,000 ordinary shares (2017: 165,864,000 ordinary 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 2018 and 2017. 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 2018	31 March 2018
	$'000	*$'000*
Within 1 month	**22,675**	22,710
Over 1 month but within 2 months	**1,024**	2,381
Over 2 months but within 3 months	**837**	983
Over 3 months	**3,765**	4,732
Trade debtors, net of allowance for doubtful debts	**28,301**	30,806
Deposits, prepayments and other receivables	**18,660**	21,573
Club memberships	**750**	750
	47,711	53,129

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 2018	31 March 2018
	$'000	*$'000*
Within 1 month	**23,179**	15,913
Over 1 month but within 3 months	**5,849**	8,183
Over 3 months but within 6 months	**1,311**	1,223
Over 6 months	**1,001**	1,239
Total creditors and bills payable	**31,340**	26,558
Other payables and accrued charges	**49,903**	52,452
Amounts due to related companies	**4,038**	814
	85,281	79,824

11. Provisions

	30 September 2018	31 March 2018
	$'000	*$'000*
At 1 April	**120,266**	-
Provision made	**-**	136,319
Provisions utilised	**(1,240)**	(16,053)
At 30 September / 31 March	**119,026**	120,266

The provisions represented potential PRC customs duties and indemnity liabilities in relation to the business of the disposed Aquascutum subsidiaries.

During the year ended 31 March 2013, Gongbei Customs initiated a field audit on one of the subsidiaries of the Company in respect of its import activities in the People's Republic of China (the "PRC"). As at 31 March 2017, a certain amount of provision for PRC customs duties has been made by the management which was included in "liabilities of a disposal group classified as held for sale" on the consolidated statement of financial position. During the year ended 31 March 2018, as the investigation became more active, management has sought advice from legal professionals and more provision for PRC customs duties and related charges was made during the year with reference to the communication between the Group and Gongbei Customs, the status of the investigation and advice from legal professionals.

According to the disposal agreement entered into between the Company and the purchaser of the disposed Aquascutum subsidiaries, a contractual indemnity was provided to the purchaser of the disposed Aquascutum subsidiaries if certain events occur within an expiry date of eighteen months from the completion date i.e. from 23 November 2017.

As the above customs investigation and indemnity liabilities are related to the business of the disposed Aquascutum subsidiaries, such provisions were charged to "net gain on disposal of subsidiaries" on the face of the consolidated statement of profit or loss. The provisions were made when reasonably possible losses, additional losses or ranges of loss are more likely than not and reasonably estimable. Further provision or releases of provision may be necessary in the future as developments in such investigation.

12. Non-adjusting event after the reporting period

Subsequent to the end of the reporting period, the Group entered into a provisional sale and purchase agreement with an independent third party for the sale of entire issued shares of Squash International Limited ("Squash International") for a cash consideration of $220,000,000. Squash International is a wholly-owned subsidiary of the Company and at present holds a shop premises in Macau. A deposit of $44,000,000 has been received. The sale is expected to complete on or before 15 January 2019 and a gain on disposal is expected to be recognised in the Group's profit or loss for the year ending 31 March 2019.

Details of the transaction are set out in the Group's announcements dated 8 November 2018, 13 November 2018 and 15 November 2018 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

In March 2018, the US Government announced the imposition of import tariffs on steel and aluminum which was particularly pointing to Mainland China because Mainland China is the biggest surplus country for trade with the US. Several rounds of negotiations between these two Governments still failed to solve the disputes. The US Government imposed a 25% custom duty on goods imported from Mainland China worth US$50 billion with effect from 6 July 2018. The PRC Government also retaliated with a 25% custom duty on goods imported from the US worth US$50 billion. The trade war between the world two biggest economies (the "Sino-US Trade War") thus began. Global economic environment was prevailing with uncertainties which have already caused the fund flow to move in favour of the US. It further strengthened the strong US dollar under the interest rate rising cycle and accelerated the outflow of funds from developing countries.

On 2 May 2018, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with an independent third party for the sale of an industrial premises, Unit No. 4, 6/F., No. 28 Ng Fong Street, San Po Kong, Kowloon, Hong Kong, at a cash consideration of HK$10,880,000. The sale was completed on 16 July 2018 and a gain on disposal of HK$3,580,000 was recognised in profit or loss during the reporting period.

As described in the discloseable transaction announcements issued by the Company on 8 November 2018, 13 November 2018 and 15 November 2018 respectively, the Group entered into the provisional sale and purchase agreement with an independent third party for the sale of entire issued shares of Squash International Limited ("Squash International") for a cash consideration of HK$220,000,000. Squash International is a wholly-owned subsidiary of the Company and holds a shop premises in Macau. A deposit of HK$44,000,000 has been received. Completion will take place on or before 15 January 2019 and a gain on disposal before expenses of approximately HK$131,800,000 will be recognised in profit and loss during the year ending 31 March 2019.

RESULTS OF THE GROUP'S OPERATIONS

As described in the Very Substantial Disposal Circular issued by the Company on 28 March 2017, the Company entered into a disposal agreement on 28 February 2017 with an independent third party (the "Purchaser"), pursuant to which the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Aquascutum Holdings Limited ("Aquascutum Holdings"), a wholly-owned subsidiary of the Company, at a cash consideration of US$117,000,000 (equivalent to approximately HK$912,960,000). Aquascutum Holdings and its subsidiaries (the "Disposal Group") are engaged in the manufacturing and sales of products under the "Aquascutum" brand and the intellectual property rights associated with the brand within the sales of garments and the licensing of trademarks segments. The sale was completed on 23 November 2017 and a net gain on disposal of HK$220,790,000 was recognised in profit and loss during the year ended 31 March 2018.

Following the completion, the Disposal Group ceased to be subsidiaries of the Company. Accordingly, the assets, liabilities and results of the Disposal Group ceased to be consolidated into the consolidated financial statement of the Group since 24 November 2017. However, the results of the Disposal Group for the six months ended 30 September 2017, before the completion, were consolidated into the consolidated statement of profit or loss of the Group.

Group's Operations

The Group's revenue for the period was HK$169,398,000 (2017: HK$311,342,000). Total sales of garments, which is the Group's core business, was HK$129,436,000 (2017: HK$255,374,000). Total licensing of trademarks income from external customers was HK$14,849,000 (2017: HK$34,400,000). Overall gross profit margin was 66.1% (2017: 60.9%).

The Group recorded a loss for the period of HK$44,177,000 (2017: HK$41,270,000). A net exchange loss of HK$8,712,000 was incurred during the reporting period which was mainly due to the strong US dollar whereas a net exchange gain of HK$14,156,000 was derived during last year corresponding period. In addition, a net gain on disposal of an investment property of HK$3,580,000 (2017: HK$4,378,000) was recognised for the period.

Total operating expenses for the period was HK$153,448,000 (2017: HK$251,828,000). Total rental and other occupancy expenses was HK$58,315,000 (2017: HK$96,059,000) which accounted for 34.4% (2017: 30.9%) of the Group's revenue. Total staff costs, including directors' emoluments of HK$3,816,000 (2017: HK$5,882,000), was HK$60,810,000 (2017: HK$98,608,000) and accounted for 35.9% (2017: 31.7%) of the Group's revenue. Total advertising and promotion expenses was HK$6,188,000 (2017: HK$14,686,000) which accounted for 3.7% (2017: 4.7%) of the Group's revenue.

Cash Flow from Operations

Net cash of HK$31,541,000 (2017: HK$7,684,000) was used in operations for the period. Inventories as at the end of the period increased to HK$78,375,000 from HK$74,093,000 as at 31 March 2018. Current ratio decreased to 1.2 (31 March 2018: 1.8).

As at 30 September 2018, the Group had cash and bank deposits net of bank overdrafts of HK$118,433,000 (31 March 2018: HK$234,486,000), a decrease of HK$116,053,000 after accounting for the payment of dividends to equity shareholders of the Company of HK$82,932,000. At 30 September 2018, the Group held trading securities at fair value of HK$7,864,000 (31 March 2018: HK$16,253,000).

During the period, the Group spent approximately HK$8,891,000 in additions and replacement of other property, plant and equipment, compared to HK$4,286,000 for the previous period.

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 2018 were HK$598,947,000 (31 March 2018: HK$748,649,000). The Group's gearing ratio at the end of the reporting period was 0.008 (31 March 2018: 0.015) which was calculated based on total borrowings of HK$4,830,000 (31 March 2018: HK$10,478,000) and shareholders' equity of HK$577,676,000 (31 March 2018: HK$721,752,000). 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 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

Total revenue of the sales of garment was HK$129,436,000 (2017: HK$255,374,000). The segment recorded a loss of HK$35,883,000 for the period (2017: HK$58,567,000) even though the retail climate in the Group's operating markets showed a small improvement from the previous corresponding period. Inventory turnover increased from 226.6 days for the year ended 31 March 2018 to 280.6 days.

A subsidiary in Taiwan, which is 68% owned by the Company, continues the retailing of Aquascutum garment and accessories in Taiwan after the completion of the Disposal till the end of December 2018.

As at the end of September 2018, the Group has a distribution network of 101 point of sales ("POSs") in the Group's operating market comprising 34 POSs in Hong Kong, 9 POSs in Macau, 37 POSs in Mainland China, 20 POSs in Taiwan and 1 POS in Paris. A net increase of 3 POSs in total POSs from the end of March 2018. The Group will remain prudent with regard to store network expansion.

Licensing of Trademark

The Group owns the global intellectual property rights of Guy Laroche. Total income of licensing of trademarks from external customers was HK$14,849,000. The segment recorded a loss of HK$1,388,000 for the period.

Other Business

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

Property rental income from external customers increased from HK$4,758,000 for the previous period to HK$9,165,000.

HUMAN RESOURCES

As at 30 September 2018, the Group had approximately 500 employees (31 March 2018: 500). 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

The Company witnessed a drastic change from last year. We have completed the disposal of the "Aquascutum" brand on 23 November 2017 and recorded a net gain on disposal of HK$220,790,000 in last year. Following the completion, the results of the "Aquascutum" brand ceased to be consolidated into the profit or loss of the Group. Subsequently, the Group's revenue dropped significantly. We are in the process of reducing overhead to balance the reduction of business activities.

The retail market showed a small improvement from the previous corresponding period, albeit from a low base. However, such improvement is still not enough to produce a profit. The Sino-US Trade War started to adversely affect market sentiment in the Group's operating markets; the Mainland China visitors and local people will be more cautious of their spending. The overall operating environment will become increasingly challenging. The Group are making preparations in advance to tackle the possible adversity and adopt a cautious approach to our expansion and development strategies.

After the end of the reporting period, the Group entered into the provisional sale and purchase agreement with an independent third party for the sale of entire issued shares of Squash International Limited ("Squash International") for a cash consideration of HK$220,000,000. Squash International is a wholly-owned subsidiary of the Company and holds a shop premises in Macau which was previously used by "Aquascutum" brand. A deposit of HK$44,000,000 has been received. Completion will take place on or before 15 January 2019 and a gain on disposal before expenses of approximately HK$131,800,000 will be recognised in profit or loss during the year ending 31 March 2019.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of 20.0 HK cents (2017: 20.0 HK cents) per ordinary share for the six months ended 30 September 2018 to shareholders whose names appear on the register of members of the Company as at the close of business on 20 December 2018. The interim dividend will be despatched to shareholders on or around 3 January 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2018 to 20 December 2018, 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 17 December 2018.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied throughout the six months ended 30 September 2018 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 (the "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 six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2018.

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

Hong Kong, 28 November 2018

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. Lin Keping, Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.