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## YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)  
(Stock Code: 00375)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The Board of Directors of YGM Trading Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2013 together with comparative figures for the corresponding year and selected explanatory notes as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013  
(Expressed in Hong Kong Dollars)

	Note	2013 \$'000	2012 \$'000
<b>Turnover</b>	3, 4	1,363,541	1,377,608
Cost of sales		<u>(443,896)</u>	<u>(461,888)</u>
<b>Gross profit</b>		919,645	915,720
Other revenue		17,939	21,841
Other net income		3,914	11,299
Distribution costs		(482,173)	(464,447)
Administrative expenses		(204,317)	(179,507)
Other operating expenses		<u>(7,101)</u>	<u>(3,175)</u>
<b>Profit from operations</b>		247,907	301,731
Net valuation gains on investment properties		7,100	20,000
Net gain on disposal of assets held for sale	5(d)	15,846	-
Loss on litigation	5(e)	(15,968)	-
Finance costs	5(a)	(126)	(347)
Share of profits less losses of associate		-	46,982
Net gain on disposal of associate		-	321,169
<b>Profit before taxation</b>	5	<u>254,759</u>	<u>689,535</u>
Income tax	6	<u>(30,013)</u>	<u>(52,218)</u>
<b>Profit for the year</b>		<u>224,746</u>	<u>637,317</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		222,447	632,944
Non-controlling interests		<u>2,299</u>	<u>4,373</u>
<b>Profit for the year</b>		<u>224,746</u>	<u>637,317</u>
<b>Earnings per share</b>	7		
Basic		<u>\$1.34</u>	<u>\$3.86</u>
Diluted		<u>\$1.34</u>	<u>\$3.85</u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

(Expressed in Hong Kong Dollars)

	Note	2013 \$'000	2012 \$'000
<b>Profit for the year</b>		<u>224,746</u>	<u>637,317</u>
<b>Other comprehensive income for the year</b>			
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong		(5,919)	(1,749)
Share of exchange reserve of associate		-	(1,903)
Exchange reserve realised upon disposal of associate		-	(3,021)
Surplus on revaluation of land and buildings held for own use upon change of use to investment properties	5(d)	-	383,933
		<u>(5,919)</u>	<u>377,260</u>
<b>Total comprehensive income for the year</b>		<u>218,827</u>	<u>1,014,577</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		216,522	1,010,402
Non-controlling interests		2,305	4,175
<b>Total comprehensive income for the year</b>		<u>218,827</u>	<u>1,014,577</u>

There is no tax expense or benefit in relation to the other comprehensive income in either the current or the prior year.

## CONSOLIDATED BALANCE SHEET

At 31 March 2013

(Expressed in Hong Kong Dollars)

	Note	2013 \$'000	2012 \$'000
<b>Non-current assets</b>			
Fixed assets			
- Investment properties		110,500	103,400
- Other property, plant and equipment		87,251	87,830
- Interest in leasehold land held for own use under operating lease		5,344	5,490
		<u>203,095</u>	<u>196,720</u>
Intangible assets		447,882	282,359
Lease premium		7,737	9,833
Other financial assets		185	429
Deferred tax assets		54,050	45,223
		<u>712,949</u>	<u>534,564</u>
<b>Current assets</b>			
Other financial assets		264	-
Trading securities		1,715	1,591
Inventories		236,340	193,311
Trade and other receivables	10	187,798	158,186
Assets held for sale	5(d)	-	420,000
Current tax recoverable		25,206	5,832
Cash and cash equivalents		656,144	1,085,253
		<u>1,107,467</u>	<u>1,864,173</u>
<b>Current liabilities</b>			
Trade and other payables	11	253,816	227,218
Bank overdrafts		4,071	5,698
Current tax payable		41,776	39,415
		<u>299,663</u>	<u>272,331</u>
<b>Net current assets</b>		<u>807,804</u>	<u>1,591,842</u>
<b>Total assets less current liabilities</b>		<u>1,520,753</u>	<u>2,126,406</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		4,300	4,271
<b>NET ASSETS</b>		<u>1,516,453</u>	<u>2,122,135</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		82,932	82,389
Reserves		1,406,355	2,014,885
<b>Total equity attributable to shareholders of the Company</b>		<u>1,489,287</u>	<u>2,097,274</u>
<b>Non-controlling interests</b>		27,166	24,861
<b>TOTAL EQUITY</b>		<u>1,516,453</u>	<u>2,122,135</u>

**NOTES:**

(Expressed in Hong Kong Dollars)

**1. Basis of preparation of the financial statements**

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31 March 2013 but are extracted from those financial statements.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, trading securities, derivative financial instruments and assets held for sale are stated at their fair value.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

**2. Changes in accounting policies**

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. However, none of these developments is relevant to the Group's financial statements.

The Group has early adopted the amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*, during the year ended 31 March 2012.

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

**3. Turnover**

The principal activities of the Group are garment wholesaling, retailing and manufacturing, trademark ownership and licensing, property investment and the provision of security printing and general business forms printing.

Turnover represents the net invoiced value of goods supplied to customers, royalty and related income, income from printing and related services and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Sales of garments	<b>1,200,623</b>	1,225,724
Royalty and related income	<b>117,244</b>	106,982
Income from printing and related services	<b>41,559</b>	42,870
Gross rentals from investment properties	<b>4,115</b>	2,032
	<b><u>1,363,541</u></b>	<u>1,377,608</u>

The Group's customer base is diversified and no individual customer with whom transactions have exceeded 10% of the Group's turnover.

#### 4. 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 resources 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, 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) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of other financial assets, deferred tax assets, trading securities, club memberships, current tax recoverable, cash and cash equivalents and other corporate assets. Segment liabilities include trade and other payables and bank borrowings with the exception of current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA", i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including 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.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segments sales are priced with reference to prices charged to external parties for similar orders.

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 years ended 31 March 2013 and 2012 is set out below:

	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue from external customers	1,200,623	1,225,724	117,244	106,982	41,559	42,870	4,115	2,032	1,363,541	1,377,608
Inter-segment revenue	-	-	20,685	21,355	1,063	1,226	3,412	6,611	25,160	29,192
<b>Reportable segment revenue</b>	<b>1,200,623</b>	<b>1,225,724</b>	<b>137,929</b>	<b>128,337</b>	<b>42,622</b>	<b>44,096</b>	<b>7,527</b>	<b>8,643</b>	<b>1,388,701</b>	<b>1,406,800</b>
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>191,559</b>	<b>263,775</b>	<b>85,946</b>	<b>72,976</b>	<b>12,794</b>	<b>10,406</b>	<b>6,149</b>	<b>6,915</b>	<b>296,448</b>	<b>354,072</b>
Bank interest income	604	1,821	2	26	23	-	-	-	629	1,847
Interest expense	(126)	(106)	-	(241)	-	-	-	-	(126)	(347)
Depreciation and amortisation for the year	(24,819)	(24,083)	(118)	(116)	(758)	(919)	(1,572)	(2,495)	(27,267)	(27,613)
Impairment of										
- intangible assets	-	(3,319)	-	-	-	-	-	-	-	(3,319)
- lease premium	-	-	(1,697)	-	-	-	-	-	(1,697)	-
<b>Reportable segment assets</b>	<b>460,513</b>	<b>367,625</b>	<b>527,510</b>	<b>354,929</b>	<b>36,479</b>	<b>34,808</b>	<b>110,739</b>	<b>523,538</b>	<b>1,135,241</b>	<b>1,280,900</b>
Additions to non-current segment assets during the year	26,332	24,067	165,613	134	392	190	-	-	192,337	24,391
<b>Reportable segment liabilities</b>	<b>235,984</b>	<b>160,931</b>	<b>31,522</b>	<b>33,903</b>	<b>3,976</b>	<b>5,705</b>	<b>631</b>	<b>18,272</b>	<b>272,113</b>	<b>218,811</b>

## (b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2013 \$'000	2012 \$'000
<b>Revenue</b>		
Reportable segment revenue	1,388,701	1,406,800
Elimination of inter-segment revenue	<u>(25,160)</u>	<u>(29,192)</u>
Consolidated turnover	<u><u>1,363,541</u></u>	<u><u>1,377,608</u></u>
<b>Profit</b>		
Reportable segment profit	296,448	354,072
Elimination of inter-segment profits	<u>(3,103)</u>	<u>(6,894)</u>
Reportable segment profit derived from the Group's external customers	293,345	347,178
Other revenue	5,741	5,138
Other net income	1,278	339
Depreciation and amortisation	(28,291)	(27,752)
Net valuation gains on investment properties	7,100	20,000
Net gain on disposal of assets held for sale	15,846	-
Loss on litigation	(15,968)	-
Finance costs	(126)	(347)
Share of profits less losses of associate	-	46,982
Net gain on disposal of associate	-	321,169
Impairment losses on non-current assets	(1,697)	(3,319)
Unallocated head office and corporate expenses	<u>(22,469)</u>	<u>(19,853)</u>
Consolidated profit before taxation	<u><u>254,759</u></u>	<u><u>689,535</u></u>
<b>Assets</b>		
Reportable segment assets	1,135,241	1,280,900
Elimination of inter-segment receivables	<u>(55,609)</u>	<u>(24,232)</u>
	1,079,632	1,256,668
Other financial assets	449	429
Deferred tax assets	54,050	45,223
Trading securities	1,715	1,591
Club memberships	750	750
Current tax recoverable	25,206	5,832
Cash and cash equivalents	656,144	1,085,253
Unallocated head office and corporate assets	<u>2,470</u>	<u>2,991</u>
Consolidated total assets	<u><u>1,820,416</u></u>	<u><u>2,398,737</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	272,113	218,811
Elimination of inter-segment payables	<u>(55,609)</u>	<u>(24,232)</u>
	216,504	194,579
Current tax payable	41,776	39,415
Deferred tax liabilities	4,300	4,271
Unallocated head office and corporate liabilities	<u>41,383</u>	<u>38,337</u>
Consolidated total liabilities	<u><u>303,963</u></u>	<u><u>276,602</u></u>

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets and lease premium ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets and lease premium, and the location to which they are managed, in the case of intangible assets.

	<b>Revenue from external customers</b>		<b>Specified non-current assets</b>	
	<b>2013 \$'000</b>	2012 \$'000	<b>2013 \$'000</b>	2012 \$'000
Hong Kong (place of domicile)	<b>563,847</b>	617,508	<b>444,425</b>	279,031
Taiwan	<b>100,677</b>	118,749	<b>3,087</b>	4,881
Other areas of the People's Republic of China ("the PRC")	<b>535,109</b>	576,082	<b>49,731</b>	54,510
The United Kingdom ("the UK")	<b>100,637</b>	-	<b>51,372</b>	38,040
Others	<b>63,271</b>	65,269	<b>110,099</b>	112,450
	<b>799,694</b>	760,100	<b>214,289</b>	209,881
	<b>1,363,541</b>	1,377,608	<b>658,714</b>	488,912



## 5. Profit before taxation

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

	2013 \$'000	2012 \$'000
(a) <i>Finance costs</i>		
Interest on bank overdrafts wholly repayable within five years	<u>126</u>	<u>347</u>
(b) <i>Staff costs</i>		
Contributions to defined contribution retirement plans	16,525	16,408
Salaries, wages and other benefits	<u>236,429</u>	<u>215,889</u>
	<u>252,954</u>	<u>232,297</u>
(c) <i>Other items</i>		
Amortisation of intangible assets	-	780
Depreciation and amortisation of fixed assets	28,291	26,972
Impairment loss on intangible assets	-	3,319
Impairment loss on lease premium	1,697	-
Impairment loss on trade debtors	3,252	2,920
Reversal of impairment loss on trade debtors	(2,173)	(3,716)
Share of associate's taxation	-	8,420
Cost of inventories	443,896	461,888
Net unrealised (gain)/loss on trading securities	(124)	22
Net (gain)/loss on disposal of fixed assets	(767)	96
Bank interest income	(5,727)	(3,462)
Interest income from associate	-	(1,160)
Other interest income	(2)	(500)
Dividend income from listed securities	<u>(12)</u>	<u>(16)</u>

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

On 28 June 2012, the Group disposed of 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 year ended 31 March 2013.

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 regrettably the judgment of the Tribunal of Commerce but reduced the damages to approximately EUR1,980,000 (equivalent to \$19,760,000) instead of the sum of approximately EUR2,600,000 (equivalent to \$25,948,000). 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 \$15,968,000). A loss on litigation of \$15,968,000 was recognised in the consolidated income statement for the year ended 31 March 2013.

## 6. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the year	<b>28,678</b>	38,141
Over-provision in respect of prior years	<b>(583)</b>	(3,490)
	<b><u>28,095</u></b>	<u>34,651</u>
<b>Current tax - Outside Hong Kong</b>		
Provision for the year	<b>10,872</b>	17,429
Under-provision in respect of prior years	<b>967</b>	1,915
	<b><u>11,839</u></b>	<u>19,344</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(9,807)</b>	(1,730)
Effect on deferred tax balances at the beginning of the year resulting from a decrease in tax rate	<b>(114)</b>	(47)
	<b><u>(9,921)</u></b>	<u>(1,777)</u>
	<b><u>30,013</u></b>	<u>52,218</u>

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year.

Taxation for subsidiaries based outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Pursuant to the relevant laws and regulations of the PRC, one of the Group's PRC subsidiaries enjoys preferential tax rate until 31 December 2011.

Under the tax law of the PRC, a 10% withholding tax shall be levied on dividends declared to foreign investors from the Group's PRC subsidiaries, however, only the dividends attributable to the profits of the financial period starting from 1 January 2008 will be subject to withholding tax. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investor. Pursuant to a double tax arrangement between the PRC and Hong Kong, the Group is subject to a withholding tax at a rate of 5% for any dividend payments from its PRC subsidiaries.

During the year ended 31 March 2013, the UK tax authority announced a decrease in the corporate tax rate applicable to the Group's operations in the UK from 26% to 24% for the year of assessment 2012/2013, and then 23% for the year of assessment 2013/2014 (2012: from 28% to 26%). The decrease is taken into account in the preparation of the Group's financial statements. Accordingly, the deferred tax liabilities as at 1 April 2012 in respect of the Group's operations in the UK was calculated using a tax rate of 23% (1 April 2011: 26%).

## 7. 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 \$222,447,000 (2012: \$632,944,000) and the weighted average of 165,834,000 (2012: 163,807,000) ordinary shares in issue during the year, calculated as follows:

#### *Weighted average number of ordinary shares*

	<b>2013</b> <b>'000</b>	2012 <b>'000</b>
Issued ordinary shares at the beginning of the year	<b>164,779</b>	162,211
Effect of share options exercised	<b>1,055</b>	1,596
Weighted average number of ordinary shares at the end of the year	<b><u>165,834</u></b>	<b><u>163,807</u></b>

### (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 \$222,447,000 (2012: \$632,944,000) and the weighted average number of ordinary shares of 165,846,000 (2012: 164,228,000) shares, calculated as follows:

#### *Weighted average number of ordinary shares (diluted)*

	<b>2013</b> <b>'000</b>	2012 <b>'000</b>
Weighted average number of ordinary shares at the end of the year	<b>165,834</b>	163,807
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<b>12</b>	421
Weighted average number of ordinary shares (diluted) at the end of the year	<b><u>165,846</u></b>	<b><u>164,228</u></b>

## 8. Dividends

- (a) Dividends payable to the equity shareholders of the Company attributable to the year

	<b>2013</b> <b>\$'000</b>	2012 <b>\$'000</b>
Interim dividend declared and paid of 25 cents (2012: 30 cents) per ordinary share	<b>41,466</b>	49,321
Special dividend proposed after the balance sheet date of \$Nil (2012: \$4) per ordinary share	-	663,455
Final dividend proposed after the balance sheet date of 80 cents (2012: 80 cents) per ordinary share	<u><b>132,691</b></u>	<u>132,691</u>
	<u><b>174,157</b></u>	<u><b>845,467</b></u>

The special and final dividends proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<b>2013</b> <b>\$'000</b>	2012 <b>\$'000</b>
Special dividend in respect of the previous financial year, approved and paid during the year, of \$4 (2012: \$Nil) per ordinary share	<b>663,455</b>	-
Final dividend in respect of the previous financial year, approved and paid during the year, of 80 cents (2012: 75 cents) per ordinary share	<u><b>132,691</b></u>	<u>123,303</u>
	<u><b>796,146</b></u>	<u><b>123,303</b></u>

## 9. Acquisition of Aquascutum

In September 2009, the Group acquired the intellectual property rights of Aquascutum in relation to 42 countries and regions in Asia ("Asian Territory"). On 9 May 2012, the Group completed the acquisition of (i) the intellectual property rights of Aquascutum worldwide except Asian Territory and (ii) certain assets in relation to apparel retailing business in the UK at a cash consideration of GBP15,000,000 (equivalent to \$188,454,000). The fair value of the assets acquired at the acquisition date, including furniture and equipment, intangible assets and inventories amounted to \$1,256,000, \$159,558,000 and \$27,640,000 respectively.

Upon completion of the acquisition, the Group completed global unification of Aquascutum. The directors are of the view that the acquisition is beneficial to the Group as the subject matter is an internationally established and leading brand and are substantial for its future development.

In addition, the Group established a subsidiary in London for retailing and wholesaling of Aquascutum apparel and accessories in the UK. The subsidiary contributed sales to external customers of GBP8,222,000 (equivalent to \$100,637,000) and loss before taxation of GBP1,871,000 (equivalent to \$22,901,000) to the Group during the year ended 31 March 2013. If the acquisition had occurred on 1 April 2012, the Group's turnover and profit before taxation would have been approximately \$1,386,272,000 and \$254,011,000 respectively.

## 10. Trade and other receivables

	2013 \$'000	2012 \$'000
Trade debtors	108,511	92,725
Less: Allowance for doubtful debts	<u>(12,708)</u>	<u>(12,112)</u>
	95,803	80,613
Deposits, prepayments and other receivables	91,230	76,823
Amounts due from related companies	15	-
Club memberships	<u>750</u>	<u>750</u>
	<u><u>187,798</u></u>	<u><u>158,186</u></u>

All of the Group's trade and other receivables, apart from deposits, prepayments and other receivables and club memberships amounting to a total of \$36,657,000 (2012: \$19,699,000) and \$750,000 (2012: \$750,000) respectively, are expected to be recovered or recognised as expense within one year.

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

	2013 \$'000	2012 \$'000
Within 1 month	63,501	57,914
1 to 2 months	9,575	8,179
2 to 3 months	13,004	8,678
Over 3 months	<u>9,723</u>	<u>5,842</u>
	<u><u>95,803</u></u>	<u><u>80,613</u></u>

The Group's credit risk is primarily attributable to trade and other receivables, listed equity securities and debt investments and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

## 11. Trade and other payables

	2013 \$'000	2012 \$'000
Bills payable	1,960	3,035
Trade creditors	<u>43,900</u>	<u>29,009</u>
	45,860	32,044
Other payables and accrued charges	176,547	160,912
Indemnity liabilities	30,024	30,024
Amounts due to related companies	<u>1,385</u>	<u>4,238</u>
	<u><u>253,816</u></u>	<u><u>227,218</u></u>

All of the trade and other payables are expected to be settled within one year.

The indemnity liabilities represented a contractual indemnity provided to the acquirer of Hang Ten Group Holdings Limited if certain events occur with an expiry date at eighteen months from the completion date i.e. 26 July 2013.

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:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Within 1 month	<b>35,104</b>	23,493
1 to 3 months	<b>9,230</b>	7,182
Over 3 months but within 6 months	<b>349</b>	736
Over 6 months	<b>1,177</b>	633
	<b><u>45,860</u></b>	<u>32,044</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF THE GROUP'S OPERATIONS

#### Group's Operations

	<b>2013</b>	2012	+ / (-)
	<b>HK\$'000</b>	HK\$'000	change
Turnover	<b>1,363,541</b>	1,377,608	-1.0%
Gross profit	<b>919,645</b>	915,720	0.4%
Gross profit margin	<b>67.4%</b>	66.5%	+0.9 pp
Profit from operations	<b>247,907</b>	301,731	-17.8%
Operating margin	<b>18.2%</b>	21.9%	-3.7 pp
Net valuation gains on investment properties	<b>7,100</b>	20,000	-64.5%
Net gain on disposal of assets held for sale	<b>15,846</b>	-	-
Loss on litigation	<b>(15,968)</b>	-	-
Share of profits less losses of associate	-	46,982	-
Net gain on disposal of associate	-	321,169	-
Profit attributable to equity shareholders of the Company	<b>222,447</b>	632,944	-64.9%
Net profit margin	<b>16.3%</b>	45.9%	-29.6 pp
EBITDA	<b>283,176</b>	717,634	-60.5%
EBITDA margin	<b>20.8%</b>	52.1%	-31.3 pp
Earnings per share - basic	<b>\$1.34</b>	\$3.86	-65.3%
Interim dividend per share	<b>\$0.25</b>	\$0.30	-16.7%
Final dividend per share	<b>\$0.80</b>	\$0.80	-
Special dividend per share	-	\$4.00	-
Dividend payout	<b>78.4%</b>	132.1%	-53.7 pp

The year ended 31 March 2013 was a challenging year which was characterised by difficult global economic conditions in the U.S., Europe and, in particular, the moderated economic growth in Mainland China and the slow-down in consumer spending in the Group's principal operating markets.

In September 2009, the Group acquired the intellectual property rights of Aquascutum in 42 countries and regions in Asia ("Asian Territory"). In May 2012, the Group acquired the intellectual property rights of Aquascutum worldwide except Asian Territory and certain assets in relation to Aquascutum apparel retail business in the United Kingdom at a cash consideration of GBP15,000,000 (equivalent to HK\$188,454,000). Thus, the Group completed global unification of Aquascutum.

Upon completion of the acquisition, the Group established a subsidiary in London for retailing and wholesaling of Aquascutum apparel and accessories in the United Kingdom.

The Group's turnover dropped slightly to HK\$1,363,541,000 (2012: HK\$1,377,608,000). Total sales of garments, which is the Group's core business, fell by 2.0% to HK\$1,200,623,000 (2012: HK\$1,225,724,000). Total licensing of trademarks income from external customers increased by 9.6% to HK\$117,244,000 (2012: HK\$106,982,000). Total gross profit increased slightly to HK\$919,645,000 (2012: HK\$915,720,000). Overall gross profit margin increased to 67.4% from 66.5% for the previous year.

Profit from operations decreased by 17.8% from HK\$301,731,000 for the previous year to HK\$247,907,000. Total operating expenses amounted to HK\$693,591,000 (2012: HK\$647,129,000), representing an increase of 7.2%. Total rental and other occupancy expenses of the Group grew by 13.9% to HK\$243,873,000 (2012: HK\$214,075,000) which accounted for 17.9% (2012: 15.5%) of the Group's turnover. Total staff costs, including directors' remuneration, increased by 8.9% to HK\$252,954,000 (2012: HK\$232,297,000) and accounted for 18.6% (2012: 16.9%) of the Group's turnover. Total advertising and promotion expenses of the Group grew by 14.6% to HK\$42,639,000 (2012: HK\$37,192,000) which accounted for 3.1% (2012: 2.7%) of the Group's turnover.

The Group's profit for the year of HK\$224,746,000 declined from HK\$637,317,000 for the previous year which included an exceptional gain of HK\$321,169,000 on disposal of all interests in Hang Ten Group Holdings Limited and share of profit of HK\$46,982,000 before disposal.

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 HK\$420,000,000, at a cash consideration of HK\$439,800,000 to an independent third party. After netting off professional fees of HK\$3,954,000, a net gain of \$15,846,000 was recorded. Upon completion, land and buildings revaluation reserve in respect of these investment properties amounted to HK\$383,933,000 was transferred to retained earnings.

During the year under review, a payment of EUR1,600,000 (equivalent to HK\$15,968,000) was made by the Group's subsidiary in France ("the French Subsidiary") for settlement of a litigation with a former licensee of the French Subsidiary ("the Former Licensee") in respect of a claim by the Former Licensee for losses arising from early termination of a license contract by the French Subsidiary.

For the year under review, EBITDA of the Group was HK\$283,176,000 (2012: HK\$717,634,000) and EBITDA margin was 20.8% (2012: 52.1%).

Profit attributable to equity shareholders of the Company was HK\$222,447,000 (2012: HK\$632,944,000). Basic earnings per share decreased to HK\$1.34 (2012: HK\$3.86).

### **Cash Flow from Operations**

For the year ended 31 March 2013, the Group generated HK\$223,903,000 of cash from operations which decreased slightly from HK\$255,480,000 of the previous year same period. Inventories as at 31 March 2013 increased by HK\$43,029,000 from the previous year to HK\$236,340,000.

As at 31 March 2013, the Group had cash and bank deposits net of overdrafts of HK\$652,073,000 (31 March 2012: HK\$1,079,555,000), decrease of HK\$427,482,000 which included the net cash consideration for disposal of assets held for sales of HK\$435,846,000 and after dividend payments of HK\$836,720,000 and a payment of GBP15,000,000 (approximately HK\$188,454,000) for acquisition of Aquascutum during the year. At 31 March 2013, the Group had trading securities with a fair value of HK\$1,715,000 (31 March 2012: HK\$1,591,000).

During the year, the Group spent approximately HK\$29,593,000 in additions and replacement of fixed assets, compared to HK\$24,428,000 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 31 March 2013 were HK\$1,516,453,000 (31 March 2012: HK\$2,122,135,000). The Group's gearing ratio at the year end was 0.003 (31 March 2012: 0.003) which was calculated based on total borrowings of HK\$4,071,000 (31 March 2012: HK\$5,698,000) and shareholders' equity of HK\$1,489,287,000 (31 March 2012: HK\$2,097,274,000). 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 Patacas 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 31 March 2013, the Company issued guarantees to banks to secure banking facilities provided to the subsidiaries amounting to HK\$94,870,000 (31 March 2012: HK\$80,455,000). 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\$4,476,000 (31 March 2012: HK\$7,398,000).

## OPERATIONS REVIEW

### Sales of Garments

	<b>2013</b>	2012	+ / (-)
	<b>HK\$'000</b>	HK\$'000	change
Revenue from sales of garments	<b>1,200,623</b>	1,225,724	-2.0%
Segment profit	<b>191,559</b>	263,775	-27.4%
Segment profit margin	<b>16.0%</b>	21.5%	-5.5 pp
Inventory turnover (days) ( <i>Note</i> )	<b>194.3</b>	152.8	27.2%

*Note: Inventory held at the year end divided by full year cost of sales times 365 days.*

Sales of garments is the Group's principal business which is mainly retailing and wholesaling of branded garments in the Greater China region. Retailing and wholesaling of Aquascutum apparel in the United Kingdom commenced upon completion of acquisition of Aquascutum in May 2012. This business has a distribution network of 13 point of sales ("POSs") in the United Kingdom as at the end of March 2013 which contributed a sales of GBP8,222,000 (equivalent to HK\$100,637,000) to the Group and recorded a loss before taxation of GBP1,871,000 (equivalent to HK\$22,901,000) for the year under review.

Total garment sales declined by 2.0% to HK\$1,200,623,000 (2012: HK\$1,225,724,000) and total segment profit decreased by 27.4% from HK\$263,775,000 for the previous year to HK\$191,559,000. Excluding impact of new operation in the United Kingdom, total garment sales and total segment profit decreased from the previous year by 10.3% and 18.7% respectively. Inventory turnover increased from 152.8 days for the previous year to 194.3 days as a result of an increase in inventories held at 31 March 2013 which was mainly the stocks of the operation in the United Kingdom amounting to GBP3,305,000 (equivalent to HK\$38,834,000).



**Number of POSs by geographical locations as at 31 March**

	Mainland								South Korea & Southeast				Total	
	China		Hong Kong		Macau		Taiwan		Europe		Asia			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Aquascutum	<b>132</b>	130	<b>10</b>	15	<b>5</b>	3	<b>29</b>	25	<b>13</b>	-	-	2	<b>189</b>	175
Ashworth	<b>47</b>	47	<b>11</b>	11	<b>4</b>	3	<b>2</b>	6	-	-	-	6	<b>64</b>	73
J.Lindeberg	-	6	<b>8</b>	7	<b>2</b>	1	-	2	-	-	-	-	<b>10</b>	16
Michel Rene	<b>17</b>	29	<b>9</b>	15	<b>2</b>	2	<b>4</b>	5	-	-	<b>4</b>	4	<b>36</b>	55
Guy Laroche	-	-	-	-	-	-	-	-	<b>1</b>	1	-	-	<b>1</b>	1
<b>Total</b>	<b>196</b>	212	<b>38</b>	48	<b>13</b>	9	<b>35</b>	38	<b>14</b>	1	<b>4</b>	12	<b>300</b>	320

As at the end of March 2013, the Group has a distribution network of 300 POSs in our operating market which was a net decrease of 20 POSs from the end of March 2012. Aquascutum was a net increase of 14 POSs which was mainly because of a new distribution network of 13 POSs in the United Kingdom. Aquascutum children wear was launched in September 2012 and has 5 POSs as at the end of this fiscal year. J.Lindeberg was a net decrease of 6 POSs as the Group are currently distributing in Hong Kong and Macau. Ashworth was a net decrease of 9 POSs a result of termination of a distribution right in Thailand. Michel Rene was a net decrease of 19 POSs from the end of March 2012.

The Group's manufacturing plant in Dongguan suffered a decline in sales and recorded an operating loss for the year under review in spite of our continuous efforts on controlling costs.

### Licensing of Trademark

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 increased by 9.6% to HK\$117,244,000 (2012: HK\$106,982,000). Guy Laroche grew by 10.9% in term of EUR from the previous year same period. Aquascutum increased by 18.5% from the same period last year which was due to the granting of a license for Aquascutum men's and women's body wear in Hong Kong, Macau and Mainland China to an independent third party in the year and additional royalty income resulted from acquisition of Aquascutum.

### Other Business

Our security printing business reported a segment profit of HK\$12,794,000 (2012: HK\$10,406,000). Rental income from industrial building is steady.

### OUTLOOK

The Group experienced a challenging year. The Group completed the acquisition of apparel retail business in the United Kingdom and all intellectual property rights of Aquascutum in May 2012. The apparel retail business suffered an operation loss in this fiscal year but licensing income increased from the previous year. The Group is restructuring this business in order to minimize its operating loss in coming year. Retail sales in the Greater China region recorded a growth in the first quarter of this fiscal year but slowed down after then and finally turned to a decrease as compared with the previous year. Notwithstanding of the diminishing economic growth of Mainland China and slow-down in consumer spending in this important market, the Group will take this as an opportunity to position ourselves for future growth and is confident of a healthy performance in coming year with its strength and its strong cash position. The Group will launch in this fall and winter season a new brand Peak Performance which is an active lifestyle fashion brand from Sweden.

## **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 year, no option was granted to any director or employee of the Group. 1,085,000 options were exercised during the period and total subscriptions of HK\$13,103,000 were received from option grantees. Shares of the Company were allotted and issued accordingly.

## **HUMAN RESOURCES**

As at 31 March 2013, the Group had approximately 1,800 employees (31 March 2012: 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.

## **DIVIDENDS**

The Board had recommend the payment of a final dividend of 80 HK cents (2012: 80 HK cents) per ordinary share for the year ended 31 March 2013 at the forthcoming annual general meeting to be held on 6 September 2013. The final dividend totaling HK\$132,691,000 (2012: HK\$132,691,000), if approved by the shareholders, is expected to be paid on or around 24 September 2013 to those shareholders whose names appear on the register of members of the Company as at the close of business on 11 September 2013.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 2 September 2013 to 6 September 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 30 August 2013.

The register of members of the Company will also be closed from 12 September 2013 to 16 September 2013, both days inclusive, during which period no transfer of shares will be effected for the purpose of ascertaining the entitlement of the shareholders to the proposed final dividend. In order to qualify for the final dividend payable on or around 24 September 2013 to be approved at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 11 September 2013.

## **CORPORATE GOVERNANCE**

The Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2013.

Under Code Provision A.4.1, non-executive directors (including independent non-executive directors) should be appointed for a specific term, subject to re-election. However, the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company’s articles of association.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a Securities Dealing Code regarding directors' securities transactions on terms no less exacting than the 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**

To comply with the revised Code of Best Practice as set out in Appendix 14 to the Listing Rules, the Company set up an audit committee (the "Audit Committee") with written terms of reference, for the purposes of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises four Independent Non-executive Directors.

The Audit Committee is mainly responsible for monitoring the integrity of the Company's financial statements, reviewing the Company's internal control system and its execution through the review of the work undertaken by the internal and external auditors, evaluating financial information and related disclosure; and reviewing connected transactions.

The Audit Committee has reviewed with management the consolidated financial statements for the year ended 31 March 2013, including the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company has not redeemed any of its shares during the year ended 31 March 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The results announcement is published on the website of Hong Kong Exchange and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ygmtrading.com](http://www.ygmtrading.com) under "Results Announcement". The annual report for the year ended 31 March 2013 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board  
**Chan Wing Fui, Peter**  
Chairman

Hong Kong, 21 June 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.*