

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The Board of Directors of YGM Trading Limited (the “Company”) announce the consolidated results of the Company and its subsidiaries and associates (collectively referred to as the “Group”) for the year ended 31 March 2007. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2007

	Note	2007 HK\$'000	2006 HK\$'000
Turnover	3	1,022,818	1,032,188
Cost of sales / services		(390,827)	(393,965)
Gross profit		631,991	638,223
Valuation gains on investment property		18,600	17,500
Other revenue		12,652	11,497
Other net income		1,601	10,269
Distribution costs		(385,848)	(357,901)
Administrative expenses		(153,600)	(158,558)
Other operating (expenses)/income		(5,225)	1,169
Profit from operations		120,171	162,199
Finance costs	4(a)	(6,992)	(4,366)
Share of profits less losses of associates		21,252	32,140
Loss on disposal of subsidiaries		–	(453)
Profit before taxation	4	134,431	189,520
Income tax	5	(14,387)	(24,071)
Profit for the year		120,044	165,449
Attributable to:			
Equity shareholders of the Company		118,121	161,913
Minority interests		1,923	3,536
Profit for the year		120,044	165,449
Dividends payable to equity shareholders of the Company attributable to the year	6	69,224	69,608
Earnings per share	7		
<i>Basic</i>		HK\$0.77	HK\$1.05
<i>Diluted</i>		N/A	HK\$1.04

CONSOLIDATED BALANCE SHEET

	Note	At 31 March 2007 HK\$'000	At 31 March 2006 HK\$'000
Non-current assets			
Fixed assets			
– Investment properties		81,900	63,300
– Other property, plant and equipment		135,992	141,041
– Interest in leasehold land held for own use under operating lease		5,216	5,121
		<u>223,108</u>	209,462
Intangible assets		109,344	110,124
Lease premium		9,912	8,927
Interest in associates		96,864	85,317
Other financial assets		42,893	43,175
Deferred tax assets		57,204	50,047
		<u>539,325</u>	507,052
Current assets			
Other financial assets		–	7,528
Trading securities		3,977	7,550
Inventories		180,865	176,664
Trade and other receivables	8	138,839	135,272
Cash and cash equivalents		193,782	152,550
		<u>517,463</u>	479,564
Current liabilities			
Trade and other payables	9	179,415	168,600
Bank loans and overdrafts		56,499	30,557
Current taxation		10,593	13,437
		<u>246,507</u>	212,594
Net current assets		<u>270,956</u>	266,970
Total assets less current liabilities		<u>810,281</u>	774,022
Non-current liabilities			
Bank loans		49,038	60,905
Deferred tax liabilities		13,989	12,467
		<u>63,027</u>	73,372
NET ASSETS		<u><u>747,254</u></u>	<u><u>700,650</u></u>
CAPITAL AND RESERVES			
Share capital		76,916	77,342
Reserves		650,765	604,487
Total equity attributable to shareholders of the Company		<u>727,681</u>	681,829
Minority interests		<u>19,573</u>	18,821
TOTAL EQUITY		<u><u>747,254</u></u>	<u><u>700,650</u></u>

Notes:

1. Basis of Preparation

The 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. The 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 HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2007 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

Details of new accounting policies adopted for the current accounting period are set out below. The adoption of these developments did not result in significant changes in accounting policies for the current and prior accounting periods reflected in the financial statements.

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

Financial guarantees issued (Amendments to HKAS 39, Financial instruments: Recognition and measurement: Financial guarantee contracts)

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKFRS 4, *Insurance contracts* and HKAS 37, *Provisions, contingent liabilities and contingent assets*. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 April 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

The adoption of this accounting policy has not affected the Group's profit for the years ended 31 March 2006 and 2007, or the Group's net assets as at those year end dates.

3. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

- Sales of garments: the manufacture, retail and wholesale of garments.
- Royalty and related income: the management and licensing of a trademark for royalty income.
- Printing and related services: the manufacture and sale of printed products.
- Property rental: the leasing of properties to generate rental income and gain from the appreciation in the properties' value in the long term.

	Sales of garments		Royalty and related income		Printing and related services		Property rental		Inter-segment elimination		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	917,708	929,265	61,164	60,146	36,214	33,799	7,732	7,288	-	-	-	1,690	1,022,818	1,032,188
Inter-segment revenue	-	-	822	792	2,239	1,707	6,578	7,297	(9,639)	(9,796)	-	-	-	-
Total	917,708	929,265	61,986	60,938	38,453	35,506	14,310	14,585	(9,639)	(9,796)	-	1,690	1,022,818	1,032,188
Segment result	86,478	141,631	4,934	3,816	5,176	3,237	26,316	23,605					122,904	172,289
Inter-segment transactions	2,943	3,606	(82)	(48)	294	747	(3,155)	(4,305)					-	-
Contribution from operations	89,421	145,237	4,852	3,768	5,470	3,984	23,161	19,300					122,904	172,289
Unallocated operating income and expenses													(2,733)	(10,090)
Profit from operations													120,171	162,199
Finance costs													(6,992)	(4,366)
Share of profits less losses of associates	21,252	34,199	-	-	-	-	-	-				(2,059)	21,252	32,140
Loss on disposal of subsidiaries													-	(453)
Income tax													(14,387)	(24,071)
Profit after taxation													120,044	165,449

	Sales of garments		Royalty and related income		Printing and related services		Property rental		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortisation for the year	24,182	19,453	-	-	1,478	1,512	2,137	2,145	187	284	27,984	23,394
Segment assets	328,742	351,195	165,707	139,571	17,549	16,318	146,604	131,168	-	-	658,602	638,252
Interest in associates	92,144	80,597	-	-	-	-	-	-	-	-	92,144	80,597
Unallocated assets	-	-	-	-	-	-	-	-	306,042	267,767	306,042	267,767
Total assets											1,056,788	986,616
Segment liabilities	109,854	125,140	52,325	29,764	4,755	7,237	878	802	-	-	167,812	162,943
Unallocated liabilities	-	-	-	-	-	-	-	-	141,722	123,023	141,722	123,023
Total liabilities											309,534	285,966
Capital expenditure incurred during the year	19,762	27,841	-	1,526	310	3,944	-	-	811	111	20,883	33,422

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. Hong Kong, Taiwan and other areas of the People's Republic of China are the major markets for the Group's garment business. Following the acquisition of

Société Guy Laroche in 2005, the Group has a worldwide revenue stream from licensing the Guy Laroche trademark. Hong Kong is the major market for all of the Group's other businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		Taiwan		Other areas of the People's Republic of China		Others	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	507,895	479,233	141,342	151,242	307,318	290,520	66,263	111,193
Segment assets	457,084	427,167	175,265	191,538	212,947	162,976	211,492	204,935
Capital expenditure incurred during the year	6,231	17,608	5,080	6,324	9,083	7,341	489	2,149

4. Profit before taxation

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

	2007 HK\$'000	2006 HK\$'000
(a) <i>Finance costs</i>		
Interest on bank advances and other borrowings wholly repayable within five years	<u>6,992</u>	<u>4,366</u>
(b) <i>Other items</i>		
Amortisation of licence	780	780
Depreciation and amortisation on owned assets	27,204	22,614
Impairment losses / (reversal of impairment losses) for trade and other receivables	3,596	(2,267)
Share of associates' taxation	8,085	6,636
Net realised and unrealised loss on trading securities	1,138	3,840
Net gain on disposal of land and building	(747)	–
Net loss on disposal of fixed assets	<u>223</u>	<u>2,037</u>

5. Income tax

Taxation in the consolidated profit and loss account represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	12,608	17,259
Under/(over)-provision in respect of prior years	1,543	(610)
	<u>14,151</u>	<u>16,649</u>
Current tax – Overseas		
Provision for the year	4,967	9,808
Over-provision in respect of prior years	(1,675)	(649)
	<u>3,292</u>	<u>9,159</u>
Deferred tax		
Origination and reversal of temporary differences	(3,056)	(2,094)
Effect of decrease in tax rate on deferred tax balances at 1 April	–	357
	<u>(3,056)</u>	<u>(1,737)</u>
	<u>14,387</u>	<u>24,071</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Pursuant to the PRC enterprise income tax law passed by the National People's Congress of the People's Republic of China ("PRC") on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises will be unified at 25 per cent effective from 1 January 2008. The impact of this change of the PRC enterprise income tax rate on the Group's consolidated financial statements will depend on detailed pronouncements that are subsequently issued. Since the detailed implementation and administrative rules and regulations have not yet been announced, the future financial impact of the New Corporate Income Tax Law on the Group cannot be reasonably estimated at this stage.

6. Dividends

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim dividend declared and paid of HK 13 cents per ordinary share (2006: HK 13 cents per ordinary share)	19,998	20,109
Final dividend proposed after the balance sheet date of HK 32 cents per ordinary share (2006: HK 32 cents per ordinary share)	<u>49,226</u>	<u>49,499</u>
	<u>69,224</u>	<u>69,608</u>

The final dividend proposed after the balance sheet date has 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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK 32 cents per ordinary share (2006: HK 30 cents per ordinary share)	<u>49,499</u>	<u>46,429</u>

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 HK\$118,121,000 (2006: HK\$161,913,000) and the weighted average of 154,345,929 ordinary shares (2006: 154,729,206 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2007	2006
	Number of Shares	Number of Shares
Issued ordinary shares at 1 April	154,684,792	154,738,792
Effect of shares repurchased	(338,863)	(33,696)
Effect of share options exercised	–	24,110
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the year	<u>154,345,929</u>	<u>154,729,206</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2006 was based on the profit attributable to ordinary equity shareholders of the Company of HK\$161,913,000 and the weighted average number of ordinary shares of 155,457,578 shares after adjusting for the effect of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares in existence for the year ended 31 March 2007.

Weighted average number of ordinary shares (diluted)

	2007	2006
	Number of Shares	Number of Shares
Weighted average number of ordinary shares in issue during the year	154,345,929	154,729,206
Effect of deemed issue of ordinary shares under the Company's share option scheme for no consideration	–	728,372
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) in issue during the year	<u>154,345,929</u>	<u>155,457,578</u>

8. Trade and other receivables

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Debtors, bills receivable, deposits and prepayments	137,101	132,415
Amounts due from related companies	878	1,997
Club memberships	860	860
	<u>138,839</u>	<u>135,272</u>

All of the trade and other receivables, apart from club memberships of HK\$860,000 (2006: HK\$860,000), are expected to be recovered within one year.

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current	72,085	66,777
1 to 3 months	5,547	6,304
More than 3 months but less than 12 months	2,070	1,360
	<u>79,702</u>	<u>74,441</u>

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

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount and for all new customers. These receivables are due between 30 days to 90 days from the date of billing.

9. Trade and other payables

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Bills payable	7,345	1,471
Creditors and accrued charges	163,185	160,396
Amounts due to related companies	8,885	6,733
	<u>179,415</u>	<u>168,600</u>

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

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Due within 1 month or on demand	32,992	30,112
Due after 1 month but within 3 months	31,323	25,029
Due after 3 months but within 6 months	2	319
	<u>64,317</u>	<u>55,460</u>

GROUP RESULTS

Turnover of the Group for the year ended 31 March 2007 decreased slightly to HK\$1,022,818,000 (2006: HK\$1,032,188,000). Profit attributable to equity shareholders of the Company decreased by 27% to HK\$118,121,000 (2006: HK\$161,913,000).

REVIEW OF OPERATIONS

Garment retail and marketing

The Group's core business is the retail, wholesale and marketing of fashion apparel, mainly in the Greater China Region. As of the end of March 2007, the Group's brand portfolio consists of five distinct brands serving a wide spectrum of customer segments, namely Aquascutum, Ashworth, Guy Laroche, Michel Rene and Charles Jourdan.

Aquascutum

We have added 13 outlets in Mainland China during the year under review. In March 2007, Aquascutum held a successful party in Shanghai hosting the famous James Bond movie star Mr. Pierce Brosnan. We operated a total of 147 outlets in Mainland China, Hong Kong, Macau and Taiwan.

Ashworth

At the end of March 2007, the Group operated 63 outlets in Hong Kong, Mainland China, Macau and Thailand. During the year, the Group acquired the right to market in Taiwan and 4 new outlets were opened in Taiwan. This American golf wear brand continues to grow in our markets.

Guy Laroche

The Group markets ladies fashion under this brand in the Greater China Region. Losses were recorded as we had not been able to deliver products suitable for the Chinese market. Efforts were made during the year to hire a French designer with specific responsibilities for the Mainland China market.

Michel Rene

As of end of March 2007, we operated 94 outlets in Hong Kong, Macau, Mainland China and Taiwan. This is our house brand and we will invest more resources to modernise and expand this brand.

Charles Jourdan

The Group operated a total of 17 outlets in Mainland China, Hong Kong, Taiwan and Thailand. Losses were recorded as we had not achieved enough volume.

Guy Laroche Paris

We acquired the worldwide rights to the Guy Laroche brand in 2004. Global royalty and related income from licensing the Guy Laroche trademark for the year ended 31 March 2007 amounted to HK\$60,698,000 (2006: HK\$60,146,000). Such decline was due to the strength of Euros as most of the markets are US dollar based. Guy Laroche Paris also distributes a second line of Guy Laroche garments throughout Europe, which is loss making. In March 2007 we replaced the General manager

in Paris and may decide ultimately to phase out such distribution. The write-down of inventories and receivables contributed to a loss of HK\$19,649,000.

Hang Ten

The Group also owns a 20% stake in Hang Ten Group Holdings Limited (“Hang Ten”) which is listed on The Stock Exchange of Hong Kong Limited. The investment in Hang Ten continues to be successful with its geographically diversified markets.

Garment Manufacturing

The Group’s manufacturing plant in Dongguan operates at full capacity. However, the increased costs of labour, fuel and all other expenses were not fully recovered resulting in a small loss for the first time. Management has increased selling prices and improved efficiency to compensate for these inflationary factors in Mainland China.

Miscellaneous

The security printing business in Hong Kong returned a healthy profit with increased business activities in Hong Kong. Rental income from our investment properties also recorded an increase.

PROSPECTS AND DEVELOPMENTS

Seeing the difficulties relating to our two new brands in the Greater China Region, we are minimising losses with more careful planning. As part of these initiatives, we may phase out the distribution in Europe of the Guy Laroche second line business. We will also invest more in our existing brands to strengthen our market share.

CAPITAL EXPENDITURE

During the year, the Group spent approximately HK\$20,883,000 in recurring additions and replacement of fixed assets, compared to HK\$33,422,000 for the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

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

For the year ended 31 March 2007, the Group generated HK\$121,477,000 (2006: HK\$112,324,000) of cash from operations. As at 31 March 2007, the Group had cash and bank deposits net of overdrafts and short-term bank loans of HK\$137,283,000, an increase from HK\$121,993,000 as at 31 March 2006 after payments of dividends of HK\$69,497,000 during the year. At 31 March 2007, the Group had listed securities which were readily convertible into cash with a fair value of HK\$3,977,000 (2006: HK\$7,550,000).

The Group's total net assets as at 31 March, 2007 were HK\$747,254,000 as compared with HK\$700,650,000 as at 31 March 2006. The Group's gearing ratio at the year end was 0.15 (2006: 0.13) which was calculated based on total borrowings of HK\$105,537,000 (2006: HK\$91,462,000) and shareholders' equity of HK\$727,681,000 (2006: HK\$681,829,000). The Group's borrowings are mainly on a floating rate basis.

The Group maintains a conservative approach to foreign exchange exposure management. The Group's income and expenditure streams are mainly denominated in Hong Kong Dollars, New Taiwan Dollars, Japanese Yen, Pounds Sterling, Euros and Renminbi. 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 2007, certain investment properties with an aggregate carrying value of HK\$57,700,000 (2006: HK\$44,400,000) were pledged to banks for obtaining banking facilities of which HK\$Nil was utilised (2006: HK\$Nil).

As at 31 March 2007, there were contingent liabilities in respect of guarantees given to banks by the Company in respect of banking facilities extended to certain subsidiaries amounting to approximately HK\$87,524,000, as compared with HK\$84,216,000 as at 31 March 2006.

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 share options were granted to directors and employees of the Group and no options were exercised.

HUMAN RESOURCES

As at 31 March 2007, the Group had approximately 2,800 employees. 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 the individuals' performance.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK 32 cents (2006: HK 32 cents) per share for the year ended 31 March 2007 at the forthcoming annual general meeting to be held on Tuesday, 18 September 2007. The final dividend amounting to HK\$49,226,000 (2006: HK\$49,499,000), if approved by the shareholders, is expected to be paid on or around, Wednesday, 19 September 2007 to those shareholders whose names appear on the register of members of the Company on Monday, 10 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 10 September 2007 to Tuesday, 18 September 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 7 September 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
November 2006	853,000	6.50	6.19	<u>5,448</u>

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of HK\$426,000 was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK\$5,022,000 was charged to retained profits.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. During the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report included in the Company's 2007 Annual Report to be despatched to the shareholders in due course.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the board of directors. The audit committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the annual report of the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of the Company will be held at 12:15 p.m. on Tuesday, 18 September 2007 at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong and the Notice of Annual General Meeting will be published and despatched to the shareholders in due course.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2006/2007 Annual Report of the Company containing all information required by the Listing Rules will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.ygmtrading.com) in due course.

By Order of the Board
Chan Sui Kau
Chairman

Hong Kong, 20 July 2007

As at the date of this announcement, the Board comprises seven Executive Directors, namely Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Suk Ling, Shirley, Fu Sing Yam, William, Chan Wing Kee and Chan Wing To, and, three Independent non-executive Directors, namely Leung Hok Lim, Wong Lam and Lin Keping.