YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2019

The Board of Directors (the "Board") of YGM Trading Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019 together with comparative figures for the corresponding year and selected explanatory notes as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	**2019**	2018
		$'000	*$'000*
Revenue	3, 4	**360,675**	575,690
Cost of sales and direct costs		**(119,904)**	(223,229)
Gross profit		**240,771**	352,461
Other (loss)/income		**(3,926)**	27,205
Distribution costs		**(236,954)**	(322,017)
Administrative expenses		**(82,637)**	(127,543)
Other operating expenses		**(2,668)**	(2,934)
Loss from operations		**(85,414)**	(72,828)
Net valuation gains on investment properties		**5,330**	3,770
Net gain on disposal of an investment property	5(c)	**3,580**	4,378
Net gain on disposal of land and buildings held for own use	5(d)	**44,753**	-
Net gain on disposal of subsidiaries	5(e)	**129,510**	220,790
Finance costs	5(a)	**(75)**	(86)
Profit before taxation	5	**97,684**	156,024
Income tax	6	**(6,602)**	(4,709)
Profit for the year		**91,082**	151,315
Attributable to:			
Equity shareholders of the Company		**90,189**	151,023
Non-controlling interests		**893**	292
Profit for the year		**91,082**	151,315
Earnings per share	8		
- Basic and diluted		**$ 0.54**	$ 0.91

Details of dividends payable to equity shareholders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars unless otherwise indicated)

	2019	2018
	$'000	*$'000*
Profit for the year	**91,082**	151,315
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Surplus on revaluation of land and buildings held for own use upon change of use to investment properties	**-**	99,229
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**(14,092)**	29,277
Other comprehensive income for the year	**(14,092)**	128,506
Total comprehensive income for the year	**76,990**	279,821
Attributable to:		
Equity shareholders of the Company	**76,667**	278,890
Non-controlling interests	**323**	931
Total comprehensive income for the year	**76,990**	279,821

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

	Note	**2019**	2018
		$'000	*$'000*
Non-current assets			
Investment properties		**278,173**	381,580
Other property, plant and equipment		**21,477**	33,547
		299,650	415,127
Intangible assets		**102,050**	102,050
Lease premium		**5,764**	6,354
Rental deposits		**16,436**	16,616
Deferred tax assets		**25,607**	32,964
		449,507	573,111
Current assets			
Trading securities		**18,310**	16,253
Inventories		**79,700**	74,093
Trade and other receivables	9	**50,353**	53,129
Current tax recoverable		**214**	304
Cash and cash equivalents		**321,901**	244,964
		470,478	388,743
Current liabilities			
Trade and other payables and contract liabilities	10	**76,206**	79,824
Bank overdrafts		**6,777**	10,478
Current tax payable		**638**	907
Provisions	11	**130,289**	120,266
		213,910	211,475
Net current assets		**256,568**	177,268
Total assets less current liabilities		**706,075**	750,379
Non-current liability			
Deferred tax liabilities		**1,507**	1,730
NET ASSETS		**704,568**	748,649
CAPITAL AND RESERVES			
Share capital		**383,909**	383,909
Reserves		**298,405**	337,843
Total equity attributable to equity shareholders of the Company		**682,314**	721,752
Non-controlling interests		**22,254**	26,897
TOTAL EQUITY		**704,568**	748,649

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation of the financial statements

The unaudited financial information relating to the year ended 31 March 2019 and the financial information relating to the year ended 31 March 2018 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2018, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 March 2019 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

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 Hong Kong Companies Ordinance.

The Company's auditor has reported on the statutory financial statements of the Company for the year ended 31 March 2018. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Company's statutory annual 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 statutory annual financial statements is the historical cost basis except that investment properties and trading securities 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 2019 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 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:

(i) HKFRS 9, *Financial instruments*
(ii) HKFRS 15, *Revenue from contracts with customers*
(iii) 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.

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has concluded that the initial adoption of HKFRS 9 had no material impact on the opening balance of equity at 1 April 2018.

Details of the nature and effect of the changes to previous accounting policies are set out below:

A Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial assets and financial liabilities remain the same. The carrying amounts for all financial assets and financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

B Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and

- lease receivables.

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

Details of the nature and effect of the changes on previous accounting policies are set out below:

A Timing of revenue recognition

Previously, revenue arising from licensing and provision of services was recognised over time, whereas revenue from sales of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for sale of that good or service at a single point in time, being when control has passes. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods, licensing and provision of services.

B Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has reclassified receipts in advance amounting to $5,385,000 from trade and other payables to contract liabilities at 1 April 2018.

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This Interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3. Revenue

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

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by significant category of revenue is as follows:

	2019	2018
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of garments	**281,360**	471,169
Royalty and related income	**30,111**	54,765
Income from printing and related services	**33,347**	33,561
	344,818	559,495
Revenue from other sources		
Gross rentals from investment properties	**15,857**	16,195
	360,675	575,690

The Group's customer base is diversified and no individual customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 March 2019 and 2018.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its royalty and related income and income from printing and related services as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

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 wholesale and retail of garments
- Licensing of trademarks: the management and licensing of trademarks for royalty income
- Printing and related services: the provision of security printing and sale of printed products
- Property rental: the leasing of properties to generate rental income

(a) *Segment results, 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 years ended 31 March 2019 and 2018 is set out below:

	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**281,360**	471,169	**30,111**	54,765	**33,347**	33,561	**15,857**	16,195	**360,675**	575,690
Inter-segment revenue	**-**	-	**475**	8,968	**324**	350	**3,630**	7,089	**4,429**	16,407
Reportable segment revenue	**281,360**	471,169	**30,586**	63,733	**33,671**	33,911	**19,487**	23,284	**365,104**	592,097
Reportable segment (loss)/ profit (adjusted EBITDA)	**(67,974)**	(86,208)	**(4,222)**	23,195	**5,046**	4,695	**15,468**	18,765	**(51,682)**	(39,553)
Reportable segment assets	**398,688**	335,159	**123,079**	124,505	**22,199**	24,384	**282,217**	386,558	**826,183**	870,606
Reportable segment liabilities	**451,823**	371,019	**22,045**	27,745	**3,646**	4,757	**1,863**	3,687	**479,377**	407,208

The measure used for reporting segment profit or loss 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 earnings/losses are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

(b) *Reconciliation of reportable profit or loss*

	2019	2018
	$'000	*$'000*
Reportable segment loss	**(51,682)**	(39,553)
Elimination of inter-segment profits	**(2,809)**	(3,987)
Reportable segment loss derived from the Group's external customers	**(54,491)**	(43,540)
Other income	**2,269**	2,217
Depreciation	**(13,965)**	(9,845)
Impairment loss on other property, plant and equipment	**(3,493)**	-
Impairment loss on lease premium	**-**	(874)
Net valuation gains on investment properties	**5,330**	3,770
Net gain on disposal of an investment property	**3,580**	4,378
Net gain on disposal of land and buildings held for own use	**44,753**	-
Net gain on disposal of subsidiaries	**129,510**	220,790
Finance costs	**(75)**	(86)
Unallocated head office and corporate expenses	**(15,734)**	(20,786)
Consolidated profit before taxation	**97,684**	156,024

5. Profit before taxation

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

	2019	2018
	$'000	*$'000*
(a) Finance costs		
Interest expense on bank overdrafts	**75**	86
(b) Other items		
Depreciation of other property, plant and equipment	**13,965**	9,845
Impairment loss on other property, plant and equipment	**3,493**	-
Impairment loss on lease premium	**-**	874
Impairment loss on trade debtors	**872**	1,726
Reversal of impairment loss on trade debtors	**(5,804)**	(1,535)
Provision for onerous contracts	**10,600**	-
Cost of inventories	**117,837**	223,229
Net unrealised gain on trading securities	**(28)**	(51)
Net (gain)/loss on disposal of trading securities	**(38)**	14
Net loss on disposal of other property, plant and equipment	**271**	1,873
Interest income on financial assets measured at amortised cost	**(2,473)**	(4,051)
Dividend income from trading securities (listed)	**-**	(3)

(c) *Net gain on disposal of an investment property*

During the year ended 31 March 2019, the Group disposed of an investment property in Hong Kong with fair value of $7,300,000 at a consideration of $10,880,000, resulting in a net gain on disposal of $3,580,000.

During the year ended 31 March 2018, the Group disposed of an industrial property in Hong Kong with fair value of $10,300,000 at a consideration of $14,678,000, resulting in a net gain on disposal of $4,378,000.

(d) *Net gain on disposal of land and buildings held for own use*

During the year ended 31 March 2019, the Group disposed of a property held for own use in Macau with net book value of $5,247,000 at a consideration of $50,000,000, resulting in a net gain on disposal of $44,753,000 (2018: $Nil).

(e) *Net gain on disposal of subsidiaries*

On 10 January 2019, the Group entered into a sale and purchase agreement with an independent third party for the sale of the entire issued share capital of Squash International Limited, which held an investment property in Macau, for a total cash consideration of $220,000,000, resulting in a net gain on disposal of $129,510,000 which was recognised during the year ended 31 March 2019.

The Company completed the disposal of 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 (approximately $912,960,000) (the "Disposal") to an independent third party on 23 November 2017. Aquascutum Holdings and its subsidiaries were engaged in the manufacturing and sales of products under the "Aquascutum" brand and the intellectual property rights associated with the brand in the sales of garments and the licensing of trademarks segments. A net gain on disposal of $220,790,000 was recognised during the year ended 31 March 2018.

6. Income tax

	2019	2018
	$'000	*$'000*
Current tax - Hong Kong Profits Tax	**1,195**	2,936
Current tax - Outside Hong Kong	**798**	653
Deferred tax	**4,609**	1,120
	6,602	4,709

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 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. The corporate tax rate applicable to the Group's operations in the United Kingdom is 20% (2018: 20%) for the year.

7. Dividends

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

	2019	2018
	$'000	*$'000*
Interim dividend declared and paid of 20 cents (2018: 20 cents) per ordinary share	**33,173**	33,173
Special dividend declared and paid of $Nil (2018: $4) per ordinary share	**-**	663,455
Final dividend proposed after the end of the reporting period of 20 cents (2018: 50 cents) per ordinary share	**33,173**	82,932
	66,346	779,560

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

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

	2019	2018
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 50 cents (2018: 10 cents) per ordinary share	**82,932**	16,586

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $90,189,000 (2018: $151,023,000) and 165,864,000 (2018: 165,864,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the years ended 31 March 2019 and 2018. Accordingly, the diluted earnings per share is the same as the basic earnings per share.

9. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors (net of loss allowance) based on invoice date is as follows:

	2019	2018
	$'000	*$'000*
Within 1 month	**19,213**	22,710
Over 1 month but within 2 months	**1,429**	2,381
Over 2 months but within 3 months	**1,997**	983
Over 3 months but within 12 months	**2,649**	3,469
Over 12 months	**402**	1,263
Trade debtors, net of loss allowance	**25,690**	30,806
Deposits, prepayments and other receivables	**23,913**	21,573
Club memberships	**750**	750
	50,353	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 and contract liabilities

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable based on invoice date is as follows:

	31 March 2019	1 April 2018	31 March 2018
	$'000	*$'000*	*$'000*
Trade and other payables			
Within 1 month	**18,136**	15,913	15,913
Over 1 month but within 3 months	**2,969**	8,183	8,183
Over 3 months but within 6 months	**452**	1,223	1,223
Over 6 months	**1,125**	1,239	1,239
Trade creditors and bills payable	**22,682**	26,558	26,558
Other payables and accrued charges	**46,506**	47,067	52,452
Amounts due to related companies	**1,991**	814	814
	71,179	74,439	79,824
Contract liabilities			
Receipts in advance	**5,027**	5,385	-
	76,206	79,824	79,824

11. Provisions

	Potential PRC customs duties and indemnity liabilities (Note (i))	Onerous contracts (Note (ii))	Total
	$'000	*$'000*	*$'000*
At 1 April 2017	-	-	-
Provisions made	136,319	-	136,319
Provisions utilised	(16,053)	-	(16,053)
At 31 March 2018 and 1 April 2018	120,266	-	120,266
Provisions made	-	10,600	10,600
Provisions utilised	(1,418)	-	(1,418)
Exchange adjustments	841	-	841
At 31 March 2019	119,689	10,600	130,289

(i) During the year ended 31 March 2013, Gongbei Customs District of the General Administration of Customs, PRC (“Gongbei Customs”) initiated a field audit on a subsidiary of the Group in respect of its import of Aquascutum products to Mainland China.

According to the disposal agreement dated 28 February 2017 entered into between the Company and the purchaser of Aquascutum Holdings Limited (the “Purchaser”), a contractual indemnity was provided by the Group to the Purchaser for a period from the completion date of the disposal of Aquascutum Holdings Limited of 23 November 2017 to 22 May 2019 except for potential claims, if any, in relation to taxes and levies arising from Aquascutum Holdings Limited and its subsidiaries which will be up to 22 November 2024.

During the year ended 31 March 2018, with reference to the status of the field audit carried out by Gongbei Customs and relevant advice from legal counsels on the field audit as well as the contractual indemnity arising from the disposal agreement, a provision of $136,319,000 was made for the tax exposure and contractual indemnity based on the best estimate of the management.

During the year ended 31 March 2019, there was no further development in connection with the demand and settlement of the potential PRC customs duties and the contractual indemnity. Therefore, the management considered that it is appropriate to maintain the provision for potential PRC customs duties and indemnity liabilities of $119,689,000 as at 31 March 2019.

(ii) The provision was made for onerous contracts for certain stores of the Hong Kong operation during the year ended 31 March 2019. Under these contracts, the unavoidable cost of meeting the obligations have exceeded the economic benefits expected to be derived from the sales generated by these stores. The provision for onerous contracts was recognised in “distribution costs”.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

The US Government started to impose additional import tariffs against its trade partners since March 2018 and launched a trade war against Mainland China later because Mainland China is the biggest surplus country for trade with the US. Even after several rounds of negotiations, these two Governments still failed to solve the disputes. Global economic environment was prevailing with uncertainties.

RESULTS OF THE GROUP'S OPERATIONS

The Group completed the disposal of the entire issued share capital of Aquascutum Holdings Limited ("Aquascutum Holdings") to an independent third party at a cash consideration of US$117,000,000 (equivalent to approximately HK$912,960,000) in November 2017. 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 in the sales of garments and the licensing of trademarks segments. Hence, a special dividend of HK$4 per ordinary share was paid in February 2018 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 assets, liabilities and results of the Disposal Group ceased to be consolidated into the consolidated financial statement of the Group since 24 November 2017.

The Group completed the disposal of the entire issued share capital of Squash International Limited, which held a retail store for rental in Macau, to an independent third party for a cash consideration of HK$220,000,000 in January 2019. A net gain on disposal of HK$129,510,000 was recognised during the year ended 31 March 2019.

The Group completed the disposal of an industrial property held for rental in Hong Kong to an independent party at a cash consideration of HK$10,880,000 (2018: HK$14,678,000) in July 2018. A net gain on disposal of HK$3,580,000 (2018: HK$4,378,000) was recognised during the year ended 31 March 2019.

The Group completed the disposal of a retail store held for own use in Macau to an independent third party at a cash consideration of HK$50,000,000 in February 2019. A net gain on disposal of HK$44,753,000 was recognised during the year ended 31 March 2019. The Group signed a lease agreement with the new landlord for a term of 4 years in March 2019 and the store was re-opened in April 2019.

Despite loss from operation incurred for the year ended 31 March 2019, the Group recorded a profit attributable to shareholders of HK$90,189,000 (2018: HK$151,023,000) which was principally due to exceptional gains as stated above.

Group's Operations

The Group's revenue for the year was HK$360,675,000 (2018: HK$575,690,000). Total sales of garments, which is the Group's core business, was HK$281,360,000 (2018: HK$471,169,000). Total licensing of trademarks income from external customers was HK$30,111,000 (2018: HK$54,765,000). Overall gross profit margin was 66.8% (2018: 61.2%).

The Group recorded a profit for the year of HK$91,082,000 (2018: HK$151,315,000). Major attribute is the exceptional gains derived from the disposal of a subsidiary of HK$129,510,000 (2018: HK$220,790,000), the disposal of land and buildings held for own use of HK$44,753,000 (2018: HK$Nil) and the disposal of an investment property of HK$3,580,000 (2018: HK$4,378,000).

Total operating expenses for the year was HK$322,259,000 (2018: HK$452,494,000). Total rental and other occupancy expenses was HK$118,959,000 (2018: HK$173,722,000) which accounted for 33.0% (2018: 30.2%) of the Group's revenue. Total staff costs, including directors' emoluments of HK$8,496,000 (2018: HK$26,858,000), was HK$124,581,000 (2018: HK$189,931,000) and accounted for 34.5% (2018: 33.0%) of the Group's revenue. Total advertising and promotion expenses was HK$12,341,000 (2018: HK$24,165,000) which accounted for 3.4% (2018: 4.2%) of the Group's revenue.

Cash Flow from Operations

For the year ended 31 March 2019, the Group used HK$61,708,000 (2018: HK$51,467,000) cash in operations. Inventories as at 31 March 2019 was HK$79,700,000, an increase of HK$5,607,000 from the previous year end.

As at 31 March 2019, the Group had cash and bank deposits net of bank overdrafts of HK$315,124,000 (31 March 2018: HK$234,486,000), representing an increase of HK$80,638,000 after dividend payments of HK$115,059,000 during the year, cash receipts from disposal of a subsidiary, investment properties and land and buildings held for own use totaling HK$276,626,000. At 31 March 2019, the Group had trading securities with fair value of HK$18,310,000 (31 March 2018: HK$16,253,000).

During the year, the Group spent approximately HK$11,327,000 in additions and replacement of other property, plant and equipment, compared to HK$16,167,000 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 2019 were HK$704,568,000 (2018: HK$748,649,000). The Group's gearing ratio at the end of the year was 0.010 (31 March 2018: 0.015) which was calculated based on total borrowings of HK$6,777,000 (31 March 2018: HK$10,478,000) and shareholders' equity of HK$682,314,000 (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, Pound Sterling, Euros, Renminbi Yuan and Japanese Yen. To manage currency risk, non Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible.

OPERATION REVIEW

Sales of Garments

Total revenue of the sales of garment was HK$281,360,000 (2018: HK$471,169,000). Rental represents a considerably significant portion of the total retail operating costs and had adverse impact on the segment's profitability during the year. Thus, the segment recorded a loss of HK$67,974,000 (2018: HK$86,208,000) which included a provision of HK$10,600,000 (2018: HK$Nil) made for onerous contracts for certain stores of the Hong Kong operation. Inventory turnover increased from 226.6 days for the previous year to 277.3 days.

As at the end of March 2019, the Group has a distribution network of 79 points of sales ("POSs") in the Group's operating market comprising 31 POSs in Hong Kong, 11 POSs in Macau, 25 POSs in Mainland China, 11 POSs in Taiwan and 1 POS in Paris. A net decrease of 19 POSs in total POSs from the end of March 2018. The Group will remain prudent with regard to store network expansion.

Licensing of Trademarks

The Group owns the global intellectual property rights of Guy Laroche. Total income of licensing of trademarks from external customers was HK$30,111,000. The segment recorded a loss which was partly due to write off of trade debts.

Other Business

During the year ended 31 March 2019, the Group recorded a total net gain of HK$177,843,000 on disposal of a subsidiary which held a retail store for rental in Macau, an industrial property for rental in Hong Kong and a retail store for own use in Macau with total consideration of HK$280,880,000. A net gain on disposal of an industrial property for rental in Hong Kong of HK$4,378,000 was recognised in the previous year. Total rental income from external customers for the year ended 31 March 2019 dropped slightly from the previous year.

As at 31 March 2019, the Group holds certain properties held for rental in Hong Kong and London respectively with total fair value of HK$278,173,000 and an industrial building held for own use in Hong Kong with a net book value of HK$8,444,000. Currently, the said industrial building is wholly occupied by security printing section. The re-development plan in respect of the industrial building is still ongoing to maximise the benefits to the Group.

Security printing section recorded a slight decrease in sales but its segment profit for the year ended 31 March 2019 surpassed that of the previous year.

HUMAN RESOURCES

As at 31 March 2019, the Group had approximately 500 employees (31 March 2018: 500). The Group offers competitive remuneration packages including medical subsidies and retirement scheme contribution 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 retail climate in the Group's operating markets remains challenging in the foreseeable future. Major attributes are, in particular, the trade war between China and U.S. and a high rental cost. After the sale of Aquascutum Holdings, the Group is still in the process of trimming down head office expenses to reflect the diminished activities. The management continue to implement various measures in order to keep costs under control and adopt a very cautious approach to the Group's further expansion and development strategies. With a net cash of HK$315,124,000, the Group should be able to withstand any adverse impact and will continue to control costs and expenses at all levels of operations.

DIVIDENDS

The Board resolved to recommend the payment of a final dividend of 20 HK cents (2018: 50 HK cents) per ordinary share in respect of the year ended 31 March 2019 at the forthcoming annual general meeting of the Company to be held on 18 September 2019. The aggregate final dividend amounting to HK$33,173,000 (2018: HK$82,932,000), if approved by the shareholders, is expected to be paid on or around 4 October 2019.

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 13 September 2019 to 18 September 2019 (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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 September 2019.

The register of members of the Company will also be closed from 24 September 2019 to 26 September 2019 (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 4 October 2019 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 23 September 2019.

CORPORATE GOVERNANCE

The Company had compiled with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2019.

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 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 2019, including the accounting policies 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 2019. 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 and the website of the Company at www.ygmtrading.com under "Results Announcement". The annual report for the year ended 31 March 2019 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Chan Wing Sun, Samuel
Chairman

Hong Kong, 24 June 2019

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.