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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 2021

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 2021 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	2021 \$'000	2020 \$'000
Revenue	3,4	216,181	269,818
Cost of sales and direct costs		<u>(80,003)</u>	<u>(130,481)</u>
Gross profit		136,178	139,337
Other net gain/(loss)		26,462	(3,278)
Distribution costs		<u>(100,290)</u>	<u>(203,376)</u>
Administrative expenses		<u>(59,003)</u>	<u>(77,555)</u>
Other operating expenses		<u>(10,307)</u>	<u>(9,668)</u>
Loss from operations		<u>(6,960)</u>	<u>(154,540)</u>
Net valuation gains/(losses) on investment properties		3,178	(35,242)
Reversal of provision for potential PRC customs duties and indemnity liabilities and refund of related distrained deposits	5(d)	-	126,495
Finance costs	5(a)	<u>(3,182)</u>	<u>(3,841)</u>
Loss before taxation	5	<u>(6,964)</u>	<u>(67,128)</u>
Income tax	6	<u>(4,718)</u>	<u>(22,392)</u>
Loss for the year		<u><u>(11,682)</u></u>	<u><u>(89,520)</u></u>
Attributable to:			
Equity shareholders of the Company		(11,740)	(87,125)
Non-controlling interests		<u>58</u>	<u>(2,395)</u>
Loss for the year		<u><u>(11,682)</u></u>	<u><u>(89,520)</u></u>
Loss per share	8		
- Basic and diluted		<u><u>\$ (0.07)</u></u>	<u><u>\$ (0.53)</u></u>

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)*

	2021	2020
	\$'000	\$'000
Loss for the year	<u>(11,682)</u>	<u>(89,520)</u>
Other comprehensive income for the year (after tax and reclassification adjustment of \$Nil)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<u>12,813</u>	<u>(7,335)</u>
Other comprehensive income for the year	<u>12,813</u>	<u>(7,335)</u>
Total comprehensive income for the year	<u>1,131</u>	<u>(96,855)</u>
Attributable to:		
Equity shareholders of the Company	791	(94,460)
Non-controlling interests	<u>340</u>	<u>(2,395)</u>
Total comprehensive income for the year	<u>1,131</u>	<u>(96,855)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	2021 \$'000	2020 \$'000
Non-current assets			
Investment properties		265,024	243,112
Other property, plant and equipment		48,532	62,552
		<u>313,556</u>	<u>305,664</u>
Intangible assets		133,442	133,442
Lease premium		-	-
Rental deposits		7,950	9,959
Deferred tax assets		243	4,226
		<u>455,191</u>	<u>453,291</u>
Current assets			
Trading securities		16,475	18,408
Inventories		35,443	59,798
Trade and other receivables	9	40,476	39,433
Current tax recoverable		654	706
Cash and cash equivalents		142,423	153,496
		<u>235,471</u>	<u>271,841</u>
Current liabilities			
Bank overdrafts		8,864	7,485
Trade and other payables and contract liabilities	10	37,579	52,205
Lease liabilities		39,766	59,017
Current tax payable		602	337
Provisions	11	9,570	-
		<u>96,381</u>	<u>119,044</u>
Net current assets		<u>139,090</u>	<u>152,797</u>
Total assets less current liabilities		<u>594,281</u>	<u>606,088</u>
Non-current liabilities			
Lease liabilities		33,990	46,974
Deferred tax liabilities		1,363	1,280
		<u>35,353</u>	<u>48,254</u>
NET ASSETS		<u>558,928</u>	<u>557,834</u>
CAPITAL AND RESERVES			
Share capital		383,909	383,909
Reserves		154,977	154,186
Total equity attributable to equity shareholders of the Company		<u>538,886</u>	<u>538,095</u>
Non-controlling interests		20,042	19,739
TOTAL EQUITY		<u>558,928</u>	<u>557,834</u>

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation of the financial statements

The financial information relating to the years ended 31 March 2021 and 2020 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for these years but is extracted 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 2021 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 2020 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 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under 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 values.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated 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 Group has applied the following amendment to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendment to HKFRS 16, *Covid-19 Related Rent Concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether certain rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affects only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. Rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of

equity at 1 April 2020.

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:

	2021 \$'000	2020 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of garments	160,402	201,550
Royalty and related income	17,820	26,042
Income from printing and related services	30,403	33,476
	<u>208,625</u>	<u>261,068</u>
Revenue from other sources		
Gross rentals from investment properties - lease payments that are fixed or depend on an index or a rate	7,556	8,750
	<u>216,181</u>	<u>269,818</u>

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 2021 and 2020.

(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 and therefore the information about the remaining performance obligation is not disclosed for contracts that have an original expected duration of one year or less and also for those performance obligations which are regarded as satisfied as invoiced.

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: wholesaling and retailing of garments
- Licensing of trademarks: management and licensing of trademarks for royalty income
- Printing and related services: provision of security printing and sale of printed products
- Property rental: 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 2021 and 2020 is set out below:

	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from external customers	160,402	201,550	17,820	26,042	30,403	33,476	7,556	8,750	216,181	269,818
Inter-segment revenue	-	-	4,331	600	188	167	2,433	2,421	6,952	3,188
Reportable segment revenue	160,402	201,550	22,151	26,642	30,591	33,643	9,989	11,171	223,133	273,006
Reportable segment profit/ (loss) (adjusted EBITDA)	22,071	(31,954)	1,338	(5,856)	8,431	6,351	8,627	8,011	40,467	(23,448)
Reportable segment assets	447,093	471,687	141,126	146,819	14,197	21,633	278,327	246,550	880,743	886,689
Reportable segment liabilities	427,319	459,208	15,065	18,407	5,939	5,919	15,037	13,592	463,360	497,126

(b) *Reconciliation of reportable profit or loss*

	2021 \$'000	2020 \$'000
Reportable segment profit/(loss)	40,467	(23,448)
Elimination of inter-segment profits	(5,097)	(2,387)
Reportable segment profit/(loss) derived from the Group's external customers	35,370	(25,835)
Other income	191	1,797
Depreciation	(35,279)	(65,467)
Impairment loss on other property, plant and equipment	(4,513)	(43,199)
Impairment loss on lease premium	-	(5,685)
Net valuation gains/(losses) on investment properties	3,178	(35,242)
Provision for claims	(9,570)	-
Reversal of provision for potential PRC customs duties and indemnity liabilities and refund of related distrained deposits	-	126,495
Finance costs	(3,182)	(3,841)
Unallocated head office and corporate income/(expenses)	6,841	(16,151)
Consolidated loss before taxation	(6,964)	(67,128)

5. Loss before taxation

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

	2021 \$'000	2020 \$'000
(a) <i>Finance costs</i>		
Interest expense on bank overdrafts	367	126
Interest on lease liabilities	2,815	3,715
	<u>3,182</u>	<u>3,841</u>
(b) <i>Other items</i>		
Depreciation charge		
- owned property, plant and equipment	2,275	10,038
- right-of-use assets	33,004	55,429
Impairment loss on other property, plant and equipment		
- owned property, plant and equipment	-	6,166
- right-of-use assets	4,513	37,033
Impairment loss on lease premium	-	5,685
Impairment loss on trade debtors	3,733	5,039
Reversal of impairment loss on trade debtors	(1,445)	(3,413)
Provision for claims (Note 5(c))	9,570	-
Cost of inventories	79,631	124,330
Government subsidies (note)	(15,033)	-
Change in fair value of trading securities	(22)	(98)
Net gain on disposal of trading securities	<u>(36)</u>	<u>-</u>

Note: During the year ended 31 March 2021, the Group was granted \$13,200,000 from Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region (“the Government”) for not to make redundancies during the subsidy period and to spend all the funding on paying wages to its employees. In addition, \$1,400,000 from Retail Sector Subsidy Scheme was also granted to the Group by the Government.

(c) *Provision for claims*

Upon the disposal of Aquascutum Holdings Limited to an independent third party (the “Purchaser”) during the year ended 31 March 2018, the tenancy agreement (“Tenancy Agreement”) of retail stores in Macau was also assigned to a subsidiary of the Purchaser (“Defendant”). During the year ended 31 March 2021, the landlord of retail stores in Macau filed a declaratory judgement action in the form of an ordinary lawsuit against the Defendant and a subsidiary of the Group which was the guarantor of the Tenancy Agreement demanding for unpaid rent and other fees and compensation for damages and losses amounting to a total of MOP9,857,000 (equivalent to \$9,570,000). Due to the uncertain outcome of this court proceeding, a provision for claims of \$9,570,000 was made accordingly during the year 31 March 2021.

(d) *Reversal of provision for potential PRC customs duties and indemnity liabilities and refund of related distrained deposits*

During the year ended 31 March 2018, a provision of \$136 million was made for tax exposure in relation to custom duty on import of Aquascutum products to Mainland China and contractual indemnity to the Purchaser of Aquascutum Holdings Limited which its disposal was completed in November 2017. During the year ended 31 March 2020, based on the legal opinion obtained by the Group and payments made to the PRC Customs, the case was considered closed and therefore unutilised provision of \$120 million was reversed.

Details on the development of the above case during the past years were disclosed in the consolidated financial statements of the Group for the year ended 31 March 2020.

6. Income tax

	2021	2020
	\$'000	\$'000
Current tax - Hong Kong Profits Tax	204	1,520
Current tax - Outside Hong Kong	380	16
Deferred tax	4,134	20,856
	4,718	22,392

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 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 Income Tax rate applicable to the Group's operations in Mainland China is 25% (2020: 25%) for the year. The corporate tax rate applicable to the Group's operations in the United Kingdom is 19% (2020: 20%) for the year.

7. Dividends

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

	2021	2020
	\$'000	\$'000
Interim dividend declared and paid of \$Nil (2020: 10 cents) per ordinary share	-	16,586
Final dividend proposed after the end of the reporting period of 10 cents (2020: Nil cents) per ordinary share	16,586	-
	16,586	16,586

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*

	2021	2020
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of \$Nil (2020: 20 cents) per ordinary share	-	33,173

8. Loss per share

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$11,740,000 (2020: \$87,125,000) and 165,864,000 (2020: 165,864,000) ordinary shares in issue during the year.

(b) *Diluted loss per share*

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2021 and 2020. Accordingly, the diluted loss per share is the same as the basic loss per share.

9. Trade and other receivables

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

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Within 1 month	12,315	12,186
Over 1 month but within 2 months	1,408	1,261
Over 2 months but within 3 months	1,003	774
Over 3 months but within 12 months	665	2,838
Over 12 months	-	345
Trade debtors, net of loss allowance	<u>15,391</u>	<u>17,404</u>
Deposits, prepayments and other receivables	<u>25,085</u>	<u>22,029</u>
	<u><u>40,476</u></u>	<u><u>39,433</u></u>

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

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

	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Trade and other payables		
Within 1 month	5,259	13,425
Over 1 month but within 3 months	1,728	2,613
Over 3 months but within 6 months	275	904
Over 6 months	102	549
Trade creditors and bills payable	<u>7,364</u>	<u>17,491</u>
Other payables and accrued charges	27,500	30,075
Amounts due to related companies	<u>184</u>	<u>982</u>
	<u>35,048</u>	<u>48,548</u>
Contract liabilities		
Receipts in advance	<u>2,531</u>	<u>3,657</u>
	<u><u>37,579</u></u>	<u><u>52,205</u></u>

11. Provisions

	Potential PRC customs duties and indemnity liabilities (Note 5(d)) \$'000	Provision for claims (Note 5(c)) \$'000	Total \$'000
Balance at 1 April 2019	119,689	-	119,689
Reversal of provisions	(120,420)	-	(120,420)
Provisions utilised	(179)	-	(179)
Exchange adjustments	910	-	910
Balance at 31 March 2020 and 1 April 2020	-	-	-
Provisions made	-	9,570	9,570
Balance at 31 March 2021	-	9,570	9,570

12. Non-adjusting event after the reporting period

On 23 June 2021, the Group disposed of an investment property in Hong Kong to an independent third party at a consideration of \$52 million with resulted in a gain on disposal of approximately \$30,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group's Operations

The Group's revenue for the year dropped by 19.9% to HK\$216,181,000 (2020: HK\$269,818,000) since all business segments of the Group was affected by the COVID-19 pandemic (the "Pandemic") during the year under review. With the effort of the management spent on cost and inventory control, overall gross profit margin increased to 63.0% (2020: 51.6%) and total operating expenses reduced by 41.6% to HK\$169,600,000 (2020: HK\$290,599,000). Loss from operations for the year decreased to HK\$6,960,000 (2020: HK\$154,540,000) after having accounted for government grant income related to the Pandemic totaling HK\$15,033,000 (2020: HK\$Nil) and a provision for claims of HK\$9,570,000 (2020: HK\$Nil).

Loss attributable to the equity shareholders of the Company for the year was HK\$11,740,000 (2020: HK\$87,125,000) included net valuation gains on investment properties of HK\$3,178,000 (2020: loss of HK\$35,242,000) and write-off of deferred tax assets of HK\$4,287,000 (2020: HK\$20,811,000). A reversal of provision for potential PRC customs duties and indemnity liabilities of HK\$126,495,000 was recorded in last year.

For the year ended 31 March 2021, the Group generated net cash inflow of HK\$28,461,000 (2020: net cash outflow of HK\$14,896,000) from operations. Inventories as at 31 March 2021 was HK\$35,443,000, a decrease of HK\$24,355,000 from the previous year end.

As at 31 March 2021, the Group had cash and bank deposits net of bank overdrafts of HK\$133,559,000 (2020: HK\$146,011,000), representing a decrease of HK\$12,452,000. At 31 March 2021, the Group had trading securities with fair value of HK\$16,475,000 (2020: HK\$18,408,000).

During the year, the Group spent approximately HK\$1,089,000 in additions and replacement of other property, plant and equipment excluding right-of-use assets, compared to HK\$9,736,000 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 2021 were HK\$558,928,000 (2020: HK\$557,834,000). The Group's gearing ratio at the end of the year was 0.153 (31 March 2020: 0.210) which was calculated based on total borrowings of HK\$8,864,000 and leases liabilities of HK\$73,756,000 (31 March 2020: total borrowings of HK\$7,485,000 and leases liabilities of HK\$105,991,000) and shareholders' equity of HK\$538,886,000 (31 March 2020: HK\$538,095,000). The Group's borrowings are mainly on a floating rate basis.

Operations Review

Total segment sales of garment was HK\$160,402,000 (2020: HK\$201,550,000) and recorded a profit for the year. As at the end of March 2021, the Group has a distribution network of 81 points of sales ("POSs") in the Group's operating market comprising 38 POSs in Hong Kong, 5 POSs in Macau, 31 POSs in Mainland China and 7 POSs in Taiwan. A net decrease of 5 POSs in total POSs from the end of March 2020. The Group will remain prudent with regard to store network expansion.

The Group owns the global intellectual property rights of Guy Laroche and Ashworth. Total income of licensing of trademarks from external customers was HK\$17,820,000 (2020: HK\$26,042,000) and this segment recorded a profit for the year.

As at 31 March 2021, the Group holds certain properties held for rental in Hong Kong and London respectively with total fair value of HK\$265,024,000 (2020: HK\$243,112,000) and an industrial building held for own use in Hong Kong with a net book value of HK\$6,688,000 (2020: HK\$7,214,000). Currently, the said industrial building is wholly occupied by security printing section.

Despite security printing section recorded a decrease in sales from the previous year, its segment profit surpassed that of the previous year.

Human Resources

As at 31 March 2021, the Group had approximately 400 employees (31 March 2020: 440 employees). 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

Despite the Group's principal business market of sales of garments shows sign of improvement, further expansion in store network will depend on lease negotiation and the Group is conservative in such. The management anticipate that resumption of business activities and gradual recovery of consumer sentiment will lead to positive economic growth in Mainland China in turn will be beneficial to the consumer sector. The Group will focus on Mainland China with significant expansion plans for Ashworth, the Group's core brand, in coming years.

Dividends

The Board resolved to recommend the payment of a final dividend of 10 HK cents (2020: Nil HK cents) per ordinary share in respect of the year ended 31 March 2021 at the forthcoming annual general meeting to be held on 17 September 2021. The aggregate final dividend amounting to HK\$16,586,000 (2020: HK\$Nil), if approved by the shareholders, is expected to be paid on or around 18 October 2021 to those shareholders whose names appear on the register of members of the Company as at the close of business on 6 October 2021.

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 14 September 2021 to 17 September 2021 (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 13 September 2021.

The register of members of the Company will also be closed from 30 September 2021 to 6 October 2021 (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 18 October 2021 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 for registration, not later than 4:30 p.m. on 29 September 2021.

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 2021.

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 three Independent Non-executive Directors.

The Audit Committee is mainly responsible for monitoring the integrity of the Company's consolidated 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 2021, 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 2021. 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 2021 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, 29 June 2021

As at the date of this announcement the Board comprises six 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 and Mr. Chan Wing Kee; and three Independent Non-executive Directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.