YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code : 00375)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INTERIM RESULTS

The Board of Directors (the "Board") of YGM Trading Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2012 as follows. The interim results for the period ended 30 September 2012 have not been audited, but have been reviewed by KPMG. The comparative amounts of the interim results have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410.

CONSOLIDATED INCOME STATEMENT – Unaudited

(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended 30 September	
		2012	2011
	Note	***$'000***	*$'000*
Turnover	3 & 4	**605,262**	596,271
Cost of sales		**(205,466)**	(216,768)
Gross profit		**399,796**	379,503
Other revenue		**9,887**	5,057
Other net income		**1,828**	2,859
Distribution costs		**(215,354)**	(195,479)
Administrative expenses		**(88,559)**	(84,734)
Other operating expenses		**(431)**	(837)
Profit from operations		**107,167**	106,369
Net gain on disposal of assets held for sale	5(d)	**15,846**	-
Loss on litigation	5(e)	**(15,664)**	-
Finance costs	5(a)	**(50)**	(308)
Share of profits less losses of associate		**-**	24,723
Profit before taxation	5	**107,299**	130,784
Income tax	6	**(15,493)**	(19,336)
Profit for the period		**91,806**	111,448
Attributable to :			
Equity shareholders of the Company		**91,640**	111,335
Non-controlling interests		**166**	113
Profit for the period		**91,806**	111,448
Earnings per share	8		
Basic		**55.3 cents**	68.2 cents
Diluted		**55.3 cents**	68.0 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – Unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Profit for the period	**91,806**	111,448
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	**(1,811)**	(2,572)
Share of exchange reserve of associate	**-**	(8,369)
	(1,811)	(10,941)
Total comprehensive income for the period	**89,995**	100,507
Attributable to :		
Equity shareholders of the Company	**89,960**	100,799
Non-controlling interests	**35**	(292)
Total comprehensive income for the period	**89,995**	100,507

CONSOLIDATED BALANCE SHEET – Unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	**30 September 2012** *$'000*	31 March 2012 *$'000*
Non-current assets			
Fixed assets			
- Investment properties		**103,400**	103,400
- Other property, plant and equipment		**87,802**	87,830
- Interest in leasehold land held for own use under operating lease		**5,369**	5,490
		196,571	196,720
Intangible assets		**447,882**	282,359
Lease premium		**9,519**	9,833
Other financial assets		**442**	429
Deferred tax assets		**46,925**	45,223
		701,339	534,564
Current assets			
Trading securities		**968**	1,591
Inventories		**272,922**	193,311
Trade and other receivables	10	**181,830**	158,186
Assets held for sale	5(d)	**-**	420,000
Current tax recoverable		**5,305**	5,832
Cash and cash equivalents		**707,580**	1,085,253
		1,168,605	1,864,173
Current liabilities			
Trade and other payables	11	**243,635**	227,218
Bank overdrafts		**13,927**	5,698
Dividends payable	7(b)	**132,691**	-
Current tax payable		**46,440**	39,415
		436,693	272,331
Net current assets		**731,912**	1,591,842
Total assets less current liabilities		**1,433,251**	2,126,406
Non-current liabilities			
Deferred tax liabilities		**4,164**	4,271
NET ASSETS		**1,429,087**	2,122,135
CAPITAL AND RESERVES			
Share capital		**82,932**	82,389
Reserves		**1,321,259**	2,014,885
Total equity attributable to shareholders of the Company		**1,404,191**	2,097,274
Non-controlling interests		**24,896**	24,861
TOTAL EQUITY		**1,429,087**	2,122,135

Notes:

1. Basis of preparation

This interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 November 2012.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2012, except for the accounting policy changes that are expected to be reflected in the annual financial statements of the Group for the year ending 31 March 2013. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial results in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial results contain consolidated balance sheet as of 30 September 2012 and the related consolidated income statement and statement of comprehensive income for the six months period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2012. This interim financial results does not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2012 that is included in the interim financial results as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2012 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 June 2012.

2. Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures - Transfers of financial assets*

The amendments to HKFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the balance sheet date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has early adopted the amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets* in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment Property*, during the year ended 31 March 2012. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period other than the above.

3. Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of garments: the manufacture, retail and wholesale of garments.
- Licensing of trademarks: the management and licensing of trademarks for royalty income.
- Printing and related services: the manufacture and sale of printed products.
- Property rental: the leasing of properties to generate rental income.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, *Operating Segments*, segment information disclosed in the interim financial results has been prepared in a manner consistent with the information used by the Group's most senior executive management, for the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

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

The measure used for reporting segment profit is "adjusted EBITDA", i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

For six months ended 30 September	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**527,906**	524,184	**55,131**	49,134	**19,711**	21,970	**2,514**	983	**605,262**	596,271
Inter-segment revenue	**-**	-	**8,251**	13,166	**522**	736	**1,596**	3,257	**10,369**	17,159
Reportable segment revenue	**527,906**	524,184	**63,382**	62,300	**20,233**	22,706	**4,110**	4,240	**615,631**	613,430
Reportable segment profit (adjusted EBITDA)	**80,164**	86,726	**38,702**	32,245	**5,113**	5,607	**3,401**	3,920	**127,380**	128,498
Bank interest income	**1,259**	154	**4**	425	**10**	-	**-**	-	**1,273**	579
Interest expense	**(50)**	(63)	**-**	(244)	**-**	(1)	**-**	-	**(50)**	(308)
Depreciation and amortisation	**(13,186)**	(12,049)	**(59)**	(58)	**(388)**	(485)	**(786)**	(1,289)	**(14,419)**	(13,881)
	30 Sep 2012	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**404,988**	367,625	**564,271**	354,929	**33,666**	34,808	**103,606**	523,538	**1,106,531**	1,280,900
Additions to non-current segment assets during the period	**15,658**	24,067	**165,606**	134	**80**	190	**-**	-	**181,344**	24,391
Reportable segment liabilities	**178,348**	160,931	**35,229**	33,903	**4,914**	5,705	**757**	18,272	**219,248**	218,811

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

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Revenue		
Reportable segment revenue	**615,631**	613,430
Elimination of inter-segment revenue	**(10,369)**	(17,159)
Consolidated turnover	**605,262**	596,271
Profit		
Reportable segment profit	**127,380**	128,498
Elimination of inter-segment profits	**(1,923)**	(5,555)
Reportable segment profit derived from the Group's external customers	**125,457**	122,943
Net gain on disposal of assets held for sale	**15,846**	-
Loss on litigation	**(15,664)**	-
Other revenue	**4,071**	5,057
Other net (loss)/ income	**(419)**	2,859
Depreciation and amortisation	**(14,576)**	(13,950)
Finance costs	**(50)**	(308)
Share of profits less losses of associate	**-**	24,723
Unallocated head office and corporate expenses	**(7,366)**	(10,540)
Consolidated profit before taxation	**107,299**	130,784

	30 September 2012 $'000	31 March 2012 $'000
Assets		
Reportable segment assets	**1,106,531**	1,280,900
Elimination of inter-segment receivables	**(87)**	(24,232)
	1,106,444	1,256,668
Other financial assets	**442**	429
Deferred tax assets	**46,925**	45,223
Trading securities	**968**	1,591
Club memberships	**750**	750
Current tax recoverable	**5,305**	5,832
Cash and cash equivalents	**707,580**	1,085,253
Unallocated head office and corporate assets	**1,530**	2,991
Consolidated total assets	**1,869,944**	2,398,737
Liabilities		
Reportable segment liabilities	**219,248**	218,811
Elimination of inter-segment payables	**(87)**	(24,232)
	219,161	194,579
Current tax payable	**46,440**	39,415
Deferred tax liabilities	**4,164**	4,271
Unallocated head office and corporate liabilities	**171,092**	38,337
Consolidated total liabilities	**440,857**	276,602

4. Seasonality of operations

The Group's sales of garments division on average experiences higher sales in the second half year, compared to the first half year, due to the increased demand of its products during the holiday season. As such, the first half year reports lower revenue and segment result for this segment than the second half.

5 Profit before taxation

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

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
(a) *Finance costs*		
Interest on bank loans and overdrafts wholly repayable within five years	**50**	308
(b) *Staff costs*		
Contributions to defined contribution retirement plans	**7,565**	7,694
Salaries, wages and other benefits	**111,230**	94,909
	118,795	102,603
(c) *Other items*		
Amortisation of intangible assets	**-**	390
Depreciation and amortisation of fixed assets	**14,576**	13,950
Share of associate's taxation	**-**	4,025
Inventories write-down and losses	**6,641**	8,441
Reversal of write-down of inventories	**(4,431)**	(130)
Net realised and unrealised loss on trading securities	**623**	754
Interest income	**(4,065)**	(2,040)
Dividend income from listed securities	**(6)**	(8)

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

On 28 June 2012, the Group disposed its investment properties, which had been reclassified as assets held for sale as at 31 March 2012 with carrying value of $420,000,000, at a cash consideration of $439,800,000 to an independent third party. After netting off professional fees of $3,954,000, a net gain of $15,846,000 was recognised in the consolidated income statement for the six months ended 30 September 2012.

Upon completion of the disposal, land and buildings revaluation reserve in respect of these investment properties amounted to $383,933,000 was transferred to retained earnings.

(e) *Loss on litigation*

In March 2008, the Group's subsidiary in France (the "French Subsidiary") early terminated the licensing contract (the "Licensing Contract") with a company incorporated in France, which was a former licensee of the Group's men's wear for Southern Europe and North Africa (the "Former Licensee"), on the ground that the Former Licensee breached the Licensing Contract on numerous occasions.

The French Subsidiary then initiated a claim in the Tribunal of Commerce of Paris against the Former Licensee requesting confirmation of termination of the Licensing Contract and damages in an amount of EUR1,404,000 for the breach of the Licensing Contract by the Former Licensee. The Former Licensee counterclaimed for losses arising from the wrongful termination of the Licensing Contract for approximately EUR2,773,000.

On 22 December 2010, the Tribunal of Commerce of Paris ruled against the French Subsidiary and ordered it to pay approximately EUR2,600,000 as damages for the loss of gross margins resulting from the termination of the Licensing Contract, approximately EUR15,000 for a design fee and EUR15,000 towards legal costs. The Tribunal of Commerce of Paris ordered the design fee of EUR15,000 to be paid immediately while the damages of approximately EUR2,600,000 were suspended pending the judgment from the Court of Appeal after the French Subsidiary appealed against the ruling on 28 December 2010.

On 27 June 2012, the Court of Appeal confirmed regrettably the judgment of the Tribunal of Commerce but reduced the damages to approximately EUR1,980,000 (equivalent to $19,840,000) instead of the sum of approximately EUR2,600,000 (equivalent to $26,052,000). The French Subsidiary's legal counsels advised that, although the French Subsidiary had filed an appeal with the Cour de cassation, it was unlikely to render a decision before 12 to 18 months and in the meantime the Court of Appeal's judgment was enforceable. However, after having considered the further costs involved, the Group decided to settle with the Former Licensee. On 25 September 2012, the French Subsidiary entered into a settlement agreement with the Former Licensee for settlement of outstanding issues between the parties against a payment of EUR1,600,000 (equivalent to $15,664,000). A loss on litigation of HK$15,664,000 was recognised in the consolidated income statement for the period.

6 Income tax

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Current tax - Hong Kong Profits Tax	**13,461**	12,287
Current tax - Outside Hong Kong	**4,608**	7,306
Deferred tax relating to the origination and reversal of temporary differences	**(2,576)**	(257)
	15,493	19,336

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries based outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

7. Dividends

(a) *Dividends payable to equity shareholders attributable to the interim period:*

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Interim dividend declared of 25.0 HK cents (2011 : 30.0 HK cents) per share	**41,466**	49,321

The interim dividend has not been recognised as a liability at the balance sheet date.

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

Final dividends of 80.0 HK cents per share in respect of the year ended 31 March 2012 amounted to $132,691,000 was proposed by the directors on 26 June 2012 and was fully approved in the Company's Annual General Meeting on 14 September 2012. The announced payment date is on or around 4 October 2012. At 30 September 2012, the amount of dividends payable was included in "dividends payable" in the consolidated balance sheet.

Special dividends of $4 per share in respect of the year ended 31 March 2012 amounted to $663,455,000 was approved and paid during the period ended 30 September 2012.

Final dividends of 75.0 HK cents per share in respect of the year ended 31 March 2011 amounted to $123,303,000 was approved and paid during the period ended 30 September 2011.

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 $91,640,000 (2011: $111,335,000) and the weighted average number of ordinary shares of 165,804,000 shares (2011: 163,202,000 shares) in issue during the period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $91,640,000 (2011: $111,335,000) and the weighted average number of ordinary shares of 165,815,000 shares (2011: 163,774,000 shares) in issue during the period.

9. Acquisition of Aquascutum

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

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

In addition, the Group established a subsidiary in London for retailing and wholesaling of Aquascutum apparel and accessories in the United Kingdom. The subsidiary contributed sales to external customers of GBP3,466,000 (equivalent to $42,562,000) and loss before taxation of GBP414,000 (equivalent to $5,084,000) to the Group during the period.

10. Trade and other receivables

	30 September 2012	31 March 2012
	$'000	*$'000*
Trade debtors and bills receivable	**104,835**	92,725
Less : allowance for doubtful debts	**(9,547)**	(12,112)
	95,288	80,613
Deposits, prepayments and other receivables	**85,079**	76,823
Amounts due from related companies	**713**	-
Club memberships	**750**	750
	181,830	158,186

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

	30 September 2012	31 March 2012
	$'000	*$'000*
Current	**54,570**	53,310
Less than 1 month past due	**20,257**	22,242
1 to 3 months past due	**12,909**	1,216
More than 3 months but less than 12 months past due	**4,110**	3,845
Over 12 months past due	**3,442**	-
Amounts past due	**40,718**	27,303
	95,288	80,613

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 days to 90 days from the date of billing.

11. Trade and other payables

	30 September 2012	31 March 2012
	$'000	*$'000*
Bills payable	**2,061**	3,035
Trade creditors	**68,580**	29,009
	70,641	32,044
Other payables and accrued charges	**141,384**	160,912
Indemnity liabilities	**30,024**	30,024
Amounts due to related companies	**1,586**	4,238
	243,635	227,218

The indemnity liabilities represented a contractual indemnity provided to the acquirer of Hang Ten Group Holdings Limited ("HTGH") if certain events occur with an expiry date at eighteen months from the completion date, that is, 26 July 2013.

The ageing analysis of trade creditors and bills payable as of the balance sheet date are:

	30 September 2012	31 March 2012
	$'000	*$'000*
Due within 1 month or on demand	**44,400**	20,757
Due after 1 month but within 3 months	**22,566**	9,038
Due after 3 months but within 6 months	**2,262**	1,332
Due after 6 months but within 12 months	**1,413**	917
	70,641	32,044

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group's Operations

Group's operations

	Six months ended 30 September		
	2012	2011	**+/(-)**
	HK$'000	*HK$'000*	**change**
Turnover	**605,262**	596,271	1.5%
Gross profit	**399,796**	379,503	5.3%
Gross profit margin	**66.1%**	63.6%	+2.5 pp
Profit from operations	**107,167**	106,369	0.8%
Operating margin	**17.7%**	17.8%	-0.1 pp
Net gain on disposal of assets held for sale	**15,846**	-	
Loss on litigation	**(15,664)**	-	
Share of profits less losses of associate	**-**	24,723	
Profit attributable to equity shareholders of the Company	**91,640**	111,335	-17.7%
Net profit margin	**15.1%**	18.7%	-3.6 pp
EBITDA	**121,925**	145,042	-15.9%
EBITDA margin	**20.1%**	24.3%	-4.2 pp
Earnings per share - basic	**$0.553**	$0.682	-18.9%
Interim dividend per share	**$0.250**	$0.300	-16.7%
Dividend payout	**45.2%**	44.0%	+1.2 pp

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

Upon completion of the acquisition, the Group established a subsidiary in London for retailing of Aquascutum apparel and accessories in the United Kingdom. Total sales to external customers of GBP3,466,000 (equivalent to HK$42,562,000) and an operating loss of GBP414,000 (equivalent to HK$5,084,000) were recorded for the period under review.

Turnover of the Group increased by 1.5% to HK$605,262,000 (2011: HK$596,271,000). Total sales of garments, which is the Group's principal business, increased slightly from HK$524,184,000 for the previous year same period to HK$527,906,000. And, total income of licensing of trademarks from external customers increased by 12.2% to HK$55,131,000 (2011: HK$49,134,000). Hence, total gross profit increased by 5.3% to HK$399,796,000 (2011: HK$379,503,000). Overall gross profit margin improved to 66.1% from 63.6% for the same period last year, representing 2.5 percentage points increase.

Profit from operations increased by 0.8% from HK$106,369,000 for the same period last year to HK$107,167,000. Total operating expenses amounted to HK$304,344,000 (2011: HK$281,050,000), representing an increase of 8.3%. Total rental and other occupancy expenses of the Group grew by 16.4% to HK$111,209,000 (2011: HK$95,522,000) which accounted for 18.4% (2011: 16.0%) of the turnover of the Group. Total staff costs, including directors' remuneration, increased by 15.8% to HK$118,795,000 (2011: HK$102,603,000) and accounted for 19.6% (2011: 17.2%) of the turnover of the Group. Total advertising and promotion expenses of the Group grew by 8.7% to HK$14,453,000 (2011: HK$13,296,000) which accounted for 2.4% (2011: 2.2%) of the turnover of the Group.

On 12 March 2012, a subsidiary of the Group entered into a provisional agreement with an independent third party for the sale of shop premises at Park Lane Shopper's Boulevard, Tsim Sha Tsui, Kowloon, Hong Kong at a cash consideration of HK$439,800,000. In accordance with the Group's accounting policies, the shop premises with a valuation of HK$420,000,000 as at 31 March 2012 were reclassified as assets held for sale under current assets. The transaction was completed on 28 June 2012. A net gain on disposal of HK$15,846,000 was recorded in the period under review.

During the period under review, a payment of EUR1,600,000 (equivalent to HK$15,664,000) was made by the Group's subsidiary in France ("the French Subsidiary") for settlement of a litigation with a former licensee of the French Subsidiary ("the Former Licensee") in respect of a claim by the Former Licensee for losses arising from early termination of a license contract by the French Subsidiary.

Profit attributable to equity shareholders of the Company was HK$91,640,000 (2011: HK$111,335,000). As all interests of the Group in an associate, Hang Ten Group Holdings Limited, were disposed in January 2012, there is no share of profit of associate in the period (2011: HK$24,723,000).

For the period under review, EBITDA of the Group dropped by 15.9% to HK$121,925,000 (2011: HK$145,042,000). EBITDA margin decreased from 24.3% for the same period last year to 20.1%.

Basic earnings per share decreased by 18.9% to 55.3 HK cents (2011: 68.2 HK cents).

Cash flow from operations

For the period ended 30 September 2012, the Group generated HK$5,194,000 of cash from operations which decreased from HK$33,389,000 of the previous year same period. Major attribute was an increase of inventories of HK$79,611,000 during the period under review which was partly due to inventories of new retail operations in the United Kingdom.

As at 30 September 2012, the Group had cash and bank deposits net of overdrafts of HK$693,653,000, a decrease of HK$385,902,000 from HK$1,079,555,000 as at 31 March 2012 after payments of dividend of HK$663,455,000 coupled with acquisition of intellectual property rights of Aquascutum and certain assets in relation to Aquascutum apparel retail business in the United Kingdom of GBP15,000,000 (equivalent to HK$188,454,000) and having accounted for the receipt of net sales proceed on disposal of shop premises at Park Lane Shopper's Boulevard of HK$435,846,000. During the period, total subscriptions of HK$13,103,000 were received from option grantees for exercise of 1,085,000 share options. At 30 September 2012, the Group had trading securities with a fair value of HK$968,000 (31 March 2012: HK$1,591,000).

During the period, the Group spent approximately HK$16,500,000 in additions and replacement of fixed assets, compared to HK$14,570,000 for the same period last 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 30 September 2012 were HK$1,429,087,000 as compared with HK$2,122,135,000 as at 31 March 2012. The Group's gearing ratio at the period end was 0.01 (31 March 2012: 0.003) which was calculated based on total borrowings of HK$13,927,000 (31 March 2012: HK$5,698,000) and shareholders' equity of HK$1,404,191,000 (31 March 2012: HK$2,097,274,000). The Group's borrowings are mainly on a floating rate basis.

The Group also maintains a conservative approach to foreign exchange exposure management. The Group's income and expenditure streams are mainly denominated in Hong Kong Dollars, New Taiwan Dollars, Japanese Yen, Pounds Sterling, Euros, Renminbi and Macau Pataca. To manage currency risks, non Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible.

As at 30 September 2012, the Company issued guarantees to banks to secure banking facilities provided to the subsidiaries amounting to HK$94,750,000 (31 March 2012: HK$80,455,000). The maximum liability of the Company at the balance sheet date under the guarantees issued is the amount of banking facilities drawn down by the relevant subsidiaries amounting to HK$17,112,000 (31 March 2012: HK$7,398,000).

Operations review

Sales of Garments

	Six months ended 30 September		
	2012	2011	**+/(-)**
	HK$'000	*HK$'000*	**change**
Revenue from sales of garments	**527,906**	524,184	0.7%
Segment profit	**80,164**	86,726	-7.6%
Segment profit margin	**15.2%**	16.5%	-1.3 pp
Inventory turnover on sales (days)	**93**	72	29.2%

Sales of garments is the Group's principal business which is mainly retailing and wholesaling of branded garments in the Greater China region. Retailing and wholesaling of Aquascutum apparel in the United Kingdom commenced upon completion of acquisition of the intellectual property rights of Aquascutum worldwide except Asian Territory in May 2012. This business has a distribution network of 15 point of sales ("POSs") in the United Kingdom as at the end of September 2012 which contributed a sales of GBP3,466,000 (equivalent to HK$42,562,000) to the Group and recorded an operating loss of GBP414,000 (equivalent to HK$5,084,000) for the period.

Total sales increased slightly to HK$527,906,000 (2011: HK$524,184,000) but total segment profit decreased by 7.6% from HK$86,726,000 for the previous year same period to HK$80,164,000.

Number of POSs by geographical locations

	Mainland China		Hong Kong		Macau		Taiwan		Europe		South Korea & Southeast Asia		Total	
	30 Sep 2012	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012	**30 Sep 2012**	31 Mar 2012
Aquascutum	**130**	130	**10**	15	**3**	3	**27**	25	**15**	-	**2**	2	**187**	175
Ashworth	**47**	47	**11**	11	**4**	3	**4**	6	**-**	-	**-**	6	**66**	73
J.Lindeberg	**-**	6	**7**	7	**1**	1	**-**	2	**-**	-	**-**	-	**8**	16
Michel Rene	**20**	29	**13**	15	**2**	2	**4**	5	**-**	-	**4**	4	**43**	55
Guy Laroche	**-**	-	**-**	-	**-**	-	**-**	-	**1**	1	**-**	-	**1**	1
Total	**197**	212	**41**	48	**10**	9	**35**	38	**16**	1	**6**	12	**305**	320

As at the end of September 2012, the Group has a distribution network of 305 POSs in our operating market which was a net decrease of 15 POSs from the end of March 2012. Aquascutum was a net increase of 12 POSs which was mainly because of a new distribution network of 15 POSs in the United Kingdom. Aquascutum children wear was launched in the period. The first Aquascutum junior boutique was opened in September 2012 in Macau. J.Lindeberg reduced by 8 POSs during the period. It was because the Group completed a new distribution agreement with J.Lindeberg AB in March 2012 and are currently distributing in Hong Kong and Macau. Ashworth was a net decrease of 7 POSs which was mainly due to termination of a distribution right in Thailand. Michel Rene was a net decrease of 12 POSs from the end of March 2012.

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

Licensing of Trademark

The Group owns the global intellectual property rights of Guy Laroche and Aquascutum. Total income of licensing of Guy Laroche and Aquascutum trademarks from external customers increased by 12.2% to HK$55,131,000 (2011: HK$49,134,000). Guy Laroche grew by 17.8% in term of EUR from the previous year same period. Aquascutum increased by 20.8% from the same period last year which was partly due to the granting of a license for Aquascutum men's and women's body wear in Hong Kong, Macau and Mainland China to an independent third party in the period.

Other Business

Our security printing business recorded a segment profit of HK$5,113,000 (2011: HK$5,607,000). Income from leasing of industrial buildings from external customers is steady.

OUTLOOK

Retail sales in both Mainland China and Hong Kong have slowed down since August 2012. During this period under review, sales revenue from the Greater China region has decreased slightly although our overall sales revenue has shown an increase because of additional revenue booked from Aquascutum apparel retail business in the United Kingdom which we have acquired since May of this year. Our profit after tax has dropped to HK$91,806,000 (2011: HK$111,448,000). This is due to a slightly weaker business overall and the payment of EUR1,600,000 (equivalent to HK$15,664,000) by the Group's subsidiary in France for settlement in respect of a litigation with a former licensee of the subsidiary coupled with restructuring costs of Aquascutum apparel retail business in the United Kingdom.

The remaining of the year will be challenging with slower retail consumption but higher overhead expenses such as wages and especially higher retail shop rents. Despite the current adverse condition, our Group is pressing on expansion plan in our existing profitable brands as well as seeking new brands and business for the long term.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of 25.0 HK cents (2011: 30.0 HK cents) per share for the six months ended 30 September 2012 to shareholders whose names appears on the register of members of the Company as at the close of business on 13 December 2012. The interim dividend will be despatched to shareholders on 21 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 December 2012 to 19 December 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 13 December 2012.

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

HUMAN RESOURCES

As at 30 September 2012, the Group had approximately 1,800 employees (31 March 2012: 1,800). The Group offers competitive remuneration packages including medical subsidies and retirement scheme contributions to its employees in compensation for their contribution. In addition, discretionary bonuses and share options may also be granted to the eligible employees based on the Group's and individuals' performances.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2012, the Company has compiled with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a Securities Dealing Code regarding directors' securities transactions on terms no less exacting than required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and its Securities Dealing Code throughout the period under review.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial statements of the Group for the period ended 30 September 2012.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2012.

By order of the Board
YGM TRADING LIMITED
Chan Wing Fui, Peter
Chairman

Hong Kong, 29 November 2012

As at the date of this announcement the Board comprises seven executive Directors, namely Dr. Chan Sui Kau, Mr. Chan Wing Fui Peter, Mr. Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Mr. Fu Sing Yam William, Mr. Chan Wing Kee and Mr. Chan Wing To, and three independent non-executive Directors, namely Mr. Leung Hok Lim, Mr. Lin Keping and Mr. Sze Cho Cheung Michael.