

**YGM TRADING LTD :
A FIRST-CLASS KNITTER AND SEWER**

It is said that, in a bull market, everybody is an expert.

But, in a bear market, only the experts stand out.

YGM Trading Ltd (Code: 375) may well be the expert in its field, standing out, prominently, in the 3 years of bearish markets ... of Asia.

The Annual Report of YGM Trading for the Financial Year, ended March 31, 2000, is a classic example of a successful garment-maker, sticking to his knitting and reaping the benefits, therefrom.

YGM Trading is unlikely, ever, to be a company in the manner of 36.com Holdings Ltd (Code: 8036 -- The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd), but, after all of the high-flyers have singed their wings, lost kings' ransoms, and their investors have grown tired of business plans with little to no substance, and when intelligent investors look round for '*bread-and-butter*' companies that are consistently in the black, there they are likely to find this Company -- continuing to make profits, year, after year, after year.

For the 2000 Financial Year, YGM Trading turned in a Profit Attributable to Shareholders of about \$HK118.47 million.

This compared with the 1999 Financial Year when the Company reported a Profit Attributable to Shareholders of about \$HK60.40 million.

Now, YGM Trading is, principally, a manufacturer, wholesaler and retailer of garments, and these activities accounted for about 90 percent of the total contribution to the Operating Profits.

While many other companies in this same line of business decried the Asian economic turmoil, which took hold of the most populous area of the world, starting in 1997, YGM Trading continued to knit and sew garments -- and continued to make profits in spite of falling Turnovers and a continuous squeeze on profit margins.

For its shareholders, it is a shining symbol of success.

The following is a 5-Year Trading Summary of this Company, which tells the story by itself:

	Financial Year ended March 31				
	1996	1997	1998	1999	2000
	All Figures are Denominated in \$HK'000				
Turnover	2,193,511	2,321,509	2,274,535	1,704,718	1,725,125
Profit from Operations	209,193	246,289	128,367	71,581	193,098
Financing Costs	(7,450)	(7,994)	(8,195)	(2,851)	(2,250)
Non-Operating Income/(Expense), Net	2,128	(16,774)	(26,320)	17,520	(4,900)

Profit from Ordinary Activities before Taxation	203,871	221,521	93,852	86,250	185,948
Taxation	(311,979)	(33,959)	(6,737)	(1,381)	(25,367)
Minority Interests	(41,864)	(41,832)	(15,163)	(24,471)	(42,112)
Profit Attributable to Shareholders	130,028	145,730	71,952	60,389	118,469

The composition of the 2000 Financial Year's Profits Attributable to Shareholders included about \$HK15.09 million, derived from bank interest on deposits. This was an increase of about \$HK2.71 million over this same category of income in the 1999 Year.

There was, also, in the 2000 Year, a foreign exchange translation gain of about \$HK5.74 million, which compared with a foreign exchange translation loss, incurred in the 1999 Year, amounting to about \$HK4.28 million.

A final note about the Income Statement, clearly shown on Page 49 of the 2000 Annual Report, is that the Company booked a net realised gain of about \$HK7.90 million from trading in securities.

In the 1999 Year, the Company had to suffer to the extent of about \$HK1.63 million, being this category of charge against profits.

In short, Management took advantage of all that it could in order to maximise profits, following a couple of Financial Years when things were not quite as good as they might have been.

Earnings Per Share rose in the 2000 Year to 78 cents, compared with the 1999 figure of about 40 cents per share.

The Strength of YGM Trading

The Consolidated Balance Sheet of YGM Trading, shown on Page 34 of the 2000 Annual Report, indicates that, as at March 31, 2000, the Group of Companies, that comprise ... [CLICK TO ORDER FULL ARTICLE](#)

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