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YGM TRADING LIMITED

((Incorporated in Hong Kong with limited liability))

(Stock Code: 00375)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

On 14 May 2021, the Vendor (a non wholly-owned subsidiary of the Company) entered into the Provisional Agreement with the Purchaser for the sale and purchase of the Property at a Consideration of HK\$52,000,000. Pursuant to the terms of the Provisional Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 27 May 2021. Completion is scheduled to take place on or before 23 June 2021.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal therefore constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

THE PROVISIONAL AGREEMENT

On 14 May 2021, the Vendor (a non wholly-owned subsidiary of the Company) entered into the Provisional Agreement with the Purchaser for the sale and purchase of the Property at a Consideration of HK\$52,000,000 which shall be paid by the Purchaser to the Vendor in the manner as follows:

- (i) HK\$2,600,000, being the initial deposit, has been paid upon the signing of the Provisional Agreement;
- (ii) HK\$2,600,000, being the further deposit, will be paid on or before 27 May 2021; and
- (iii) the balance of the Consideration of HK\$46,800,000 will be paid upon completion on or before 23 June 2021.

Pursuant to the Provisional Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 27 May 2021. The formal agreement, which will set out the detailed terms of the Disposal, is expected to supersede the Provisional Agreement.

Completion is scheduled to take place on or before 23 June 2021.

INFORMATION ABOUT THE PROPERTY

The Property comprises workshop units and carpark spaces and is currently leased by the Vendor to an Independent Third Party.

As at 31 March 2020, the audited carrying value of the Property was approximately HK\$45,100,000. For the years ended 31 March 2019 and 2020 and the six months ended 30 September 2020, the unaudited net profit/(loss) before taxation attributable to the Property was approximately HK\$3,869,000, HK\$(3,004,000) and HK\$530,000, respectively, and the unaudited net profit/(loss) after taxation attributable to the Property was approximately HK\$3,772,000, HK\$(3,271,000) and HK\$443,000, respectively.

INFORMATION ABOUT THE GROUP AND THE VENDOR AND REASONS FOR THE DISPOSAL

The Group is principally engaged in garment manufacturing, wholesaling and retailing, trademark ownership and licensing, property investment and provision of security printing, general business printing and trading of printing products. The Vendor is a non wholly-owned subsidiary of the Company which is principally engaged in property investment.

The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to Shareholders. Having regard to the prevailing market conditions, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property for a reasonable return.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser having considered the market value of the industrial properties nearby. The Board is of the view that the Disposal, including the Consideration, are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Disposal is expected to enable the Company to recognise a gain of approximately HK\$6,200,000 before expenses, being the premium of the Consideration over the carrying value of the Property. The proceeds of the Disposal will be applied as general working capital of the Group.

INFORMATION ABOUT THE PURCHASER

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is principally engaged in property investment; (ii) the Purchaser is an indirect wholly-owned subsidiary of Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 41); and (iii) the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal therefore constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	YGM Trading Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange
“Consideration”	HK\$52,000,000, being the total consideration payable by the Purchaser to the Vendor for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Workshop Unit B, C, D, G and H on 7/F, and Car Parking Space No. 8 on 1/F, Wah Shun Industrial Building, 4 Cho Yuen Street, Yau Tong, Kowloon
“Provisional Agreement”	the provisional agreement for sale and purchase dated 14 May 2021 and entered into between, among others, the Vendor and the Purchaser in respect of the Disposal
“Purchaser”	Sunrise Success Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Parahood Limited, a company incorporated in Hong Kong with limited liability and a non wholly-owned subsidiary of the Company which is owned as to 80% by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
YGM TRADING LIMITED
Chan Wing Sun, Samuel
Chairman

Hong Kong, 14 May 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.