

Aquascutum Press Conference (11 September, 2009)

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## NEWS

### **YGM Trading cites expensive running costs as reason behind very selective Aquascutum purchase**

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The "blackhole" markets of Europe and the UK were deterrents to the full buyout of UK fashion brand Aquascutum, Hong Kong-based garments retailer and wholesaler YGM Trading said Friday (September 11), as the company announced its £13.7m purchase of the brand's Asian intellectual property rights.

CEO Sam Chan told WGSN that it chose to buy only "the best parts of the brand" after a drawn-out five-month negotiation. "We wanted to pick and choose the jewels in the business."

He added that the UK company's factories, high salaries and long-running pension fund and a lack of understanding of doing business in the UK, also made a full purchase too heavy to bear.

This led to the three-party holding of the brand with British fashion group Broadwick announced its purchase of the UK operations on Monday (WGSN News September 8), while previous owner Japanese apparel producer Renown will continue as a licensee under YGM Trading.

YGM's new purchase will see it control 42 countries in the Asia region, including China, Hong Kong, Japan, Indonesia and Singapore.

"The Chinese, Japanese and Korean markets have great potential for this type of brand – with heritage and history," said Chan. "It will be up to us to develop Asia and make sure it reaches its market potential."

The company is also concentrating on expanding the product range for Aquascutum. "Our first course of action is to look at a comprehensive plan for the product lines," said managing director Shirley Chan. "Expand the accessories and small leather goods range. Maybe in the future, eyewear, watches, kidswear and home interiors. There is a lot of potential in product development."

YGM Trading was, from 1998, a licensee, paying brand royalties to Renown with Chan now saying: "We will save quite a happy sum on royalties now... and earn income on the royalties from Japan. And of course, our earnings will improve as we expand to different countries."