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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 00375)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE PRINTING BUSINESS ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

This announcement is made pursuant to the inside information provisions under Part XIVA of the SFO, Rule 13.09(2)(a) and PN 15.

Further to the announcement of the Company dated 5 December 2014 in relation to the Proposed Spin-off on GEM, the Board is pleased to announced that the Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and that the Stock Exchange had agreed in-principle that Proposed Spin-off satisfied the PN15 requirements. Accordingly, on 13 April 2015, the Listing Application was submitted.

In giving due regard to the interests of the Shareholders as required under PN 15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the shares of HKSP Holdings will be provided to Qualifying Shareholders by way of the Distribution.

Should the Proposed Spin-off proceed, it is currently expected that the Company's percentage shareholding in the issued share capital of HKSP Holdings will be reduced to less than 50% following the completion of the Proposed Spin-off and that HKSP Holdings will cease to be a subsidiary of the Company following such reduction.

As each of the applicable percentage ratios in respect of the Proposed Spin-off is less than 5%, the Proposed Spin-off would not be subject to disclosure and shareholders' approval requirements relating to notifiable transactions under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Board has not yet finalised the date of listing of the HKSP Holdings Shares. The listing of the HKSP Holdings Shares pursuant to the Proposed Spin-off is subject to, among other things, the final decisions of the Board and the board of directors of HKSP Holdings to proceed with the Proposed Spin-off and the obtaining of the approval of the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the HKSP Holdings Shares on GEM. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the HKSP Holdings Shares will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Distribution will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

INTRODUCTION

This announcement is made pursuant to the inside information provisions under Part XIVA of the SFO, Rule 13.09(2)(a) and PN15.

Reference is made to the announcement of the Company dated 5 December 2014 in relation to the Proposed Spin-off on GEM.

The Board is pleased to announced that the Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and that the Stock Exchange had agreed in-principle that the Proposed Spin-off satisfied the PN15 requirements.

THE PROPOSED SPIN-OFF

On 13 April 2015, the Listing Application was submitted to the Stock Exchange to apply for the listing of, and permission to deal in, the HKSP Holdings Shares on GEM. HKSP Holdings was incorporated as a limited company in the Cayman Islands on 2 February 2015 and is, as at the date of this announcement, indirectly wholly-owned by the Company. The HKSP Holdings Group, being the subject of the Proposed Spin-off, is proposed to comprise an existing subsidiary of the Company which is principally engaged in the Printing Business.

Should the Proposed Spin-off proceed, it is currently expected the Company's percentage shareholding in the issued share capital of HKSP Holdings will be reduced to less than 50% following the completion of the Proposed Spin-off and that HKSP Holdings will cease to be a subsidiary of the Company following such reduction.

ASSURED ENTITLEMENT

In giving due regard to the interests of the Shareholders as required under PN 15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the shares of HKSP Holdings will be provided to Qualifying Shareholders by way of the Distribution.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off is in the interests of the Shareholders as a whole for the following reasons:

- (a) given the distinct business nature between the Printing Business and the Remaining Business, the Proposed Spin-off is expected to enhance the operational and financial transparency of the HKSP Holdings Group and provide investors and financiers with greater clarity on its business, operations and financial performance so that they are able to appraise the strategies, functional exposure and risk and returns of the Printing Business separately and to make their investment decisions accordingly. Investors will have the choice to participate in the future development of either the Remaining Group or HKSP Holdings Group and invest in either one or both of the business models;
- (b) the Remaining Group and HKSP Holdings Group are believed to have different growth paths and different strategies. Thus, the Proposed Spin-off will allow separate platforms for the Printing Business and the Remaining Business to grow with more focused development and strategic planning of their respective operations. As such, HKSP Holdings, as a separate listed entity, will have its own separate management structure focusing on the Printing Business, thereby enhancing the decision-making process and its responsiveness to market conditions so as to ensure that HKSP Holdings capitalises on the opportunities in the Printing Business as they arise;
- (c) the Proposed Spin-off will provide a separate fund raising platform for HKSP Holdings thereby enabling it to raise the capital required to finance its future expansion without reliance on the Company. The Board believes that it would be both effective and prudent for HKSP Holdings to support its growth independently through the Proposed Spin-off; and
- (d) as a separate listed company, the operating performance will no longer be affected by other unrelated businesses. Accordingly, HKSP Holdings Group would be able to offer an equity based incentive program (such as a stock option or share award scheme) to its employees that correlates directly to the performance of the Printing Business. HKSP Holdings Group would therefore be in a better position to motivate its employees with incentive programs that are closely aligned with the objective of value creation for HKSP Holdings' shareholders.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios in respect of the Proposed Spin-off is less than 5%, the Proposed Spin-off would not be subject to disclosure and shareholders' approval requirements relating to notifiable transactions under Chapter 14 of the Listing Rules.

GENERAL

As at the date of this announcement, the Board has not yet finalised the date of listing of the HKSP Holdings Shares. The listing of the HKSP Holdings Shares pursuant to the Proposed Spin-off is subject to, among other things, the final decisions of the Board and the board of directors of HKSP Holdings to proceed with the Proposed Spin-off and the obtaining of the approval of the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the HKSP Holdings Shares on GEM. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the HKSP Holdings Shares will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Distribution will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcements will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

DEFINITIONS

“Board”	the board of directors of the Company;
“Company”	YGM Trading Limited (Stock Code: 00375), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Distribution”	the proposed distribution in specie whereby a portion of the entire issued share capital of HKSP Holdings will be allocated to Qualifying Shareholders in proportion to their respective shareholding in the Company if the Proposed Spin-off proceeds;
“GEM”	The Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HKSP Holdings”	HKSP Holdings Limited (HKSP 控股有限公司), a company intended to be listed on GEM pursuant to the Proposed Spin-off;
“HKSP Holdings Group”	HKSP Holdings and its proposed subsidiary which is engaged in the Printing Business;
“HKSP Holdings Shares”	ordinary shares in the share capital of HKSP Holdings;
“Listing”	the Listing of HKSP Holdings Shares at GEM;
“Listing Application”	an application for listing of and permission to deal in all the ordinary shares of HKSP Holdings in Form A – Forms relating to listing set out in Appendix 5 to the GEM Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the proposed placing of the HKSP Holding Shares with professional and institutional investors;
“PN15”	Practice Note 15 of the Listing Rules;

“Printing Business”	the printing business currently conducted by a subsidiary of the Company involving the printing of admission tickets, barcode, share certificates, cheques, cash coupons, savings passbook, preprinted paper rolls, automated teller machine rolls, computer forms, labels and tags; and trading of printing products involving the sales of security paper and printing toner;
“Proposed Spin-off”	the proposed spin-off of the Printing Business by way of separate listing of the HKSP Holdings Shares on GEM by way of Placing and Distribution;
“Qualifying Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on such record date to be determined by the Board;
“Remaining Business”	the business conducted by the Remaining Group including the sales of garment, licensing of trademarks and property rental;
“Remaining Group”	the Group, excluding the HKSP Holdings Group;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	ordinary share(s) in the issued share capital of the Company;
“Shareholders”	The shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 13 April 2015

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