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## **YGM TRADING LIMITED**

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 00375)

### **MAJOR TRANSACTION DISPOSAL OF PROPERTIES**

**AND**

### **RESUMPTION OF TRADING**

On 4 February 2008, the Vendors, which are subsidiaries of the Company, signed the Letter Agreements with the Purchaser pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to purchase the Properties at an aggregate consideration of HK\$75,311,040.

The Disposal constitutes a major transaction of the Company for the purpose of the Listing Rules and will be subject to the approval by the Shareholders. Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Disposal, the Company intends to seek a written approval of the Disposal from the Shareholders who hold more than 50% in nominal value of the issued share capital of the Company in lieu of holding a general meeting for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules, subject to obtaining permission from the Stock Exchange.

A circular containing, among other things, details of the Disposal will be sent to the Shareholders in compliance with the requirements under the Listing Rules as soon as practicable.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 2:53 p.m. on 4 February 2008 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares with effect from 9:30 a.m. on 6 February 2008.

### **DISPOSAL OF PROPERTIES**

The board of directors (the “**Directors**”) of YGM Trading Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 4 February 2008, each of Chenza Ridge Limited (a wholly owned subsidiary of the Company) and Parahood Limited (a non-wholly owned subsidiary of the Company) (each a “**Vendor**” and collectively, the “**Vendors**”) entered into a letter agreement (collectively the “**Letter Agreements**”) with First Sense Holdings Limited (the “**Purchaser**”) in relation to the sale and purchase (the “**Disposal**”) of the Properties (as defined below). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser (a property investment holding company) and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to the Letter Agreements (subject to the entering into of the formal sale and purchase agreement(s)), the Vendors have agreed to sell and the Purchaser has agreed to purchase (i) factories on 4th and 7th Floors, No. 26 Lee Chung Street, Hong Kong (Chai Wan) Industrial Building, Chaiwan, Hong Kong, which are currently held by Chenza Ridge Limited; and (ii) factories on 3rd and 9th Floors, No. 26 Lee Chung Street, Hong Kong (Chai Wan) Industrial Building, Chaiwan, Hong Kong, which are currently held by Parahood Limited (collectively, the “**Properties**”) at an aggregate consideration of HK\$75,311,040. The aggregate consideration for the Disposal was determined by the parties after arm’s length negotiations between the parties with reference to recent transaction prices of properties with similar conditions located in the vicinity of the Properties as provided by the property agents.

A sum of HK\$3,474,170 was paid to the Vendors as initial deposit upon the signing of the Letter Agreements. Further cash deposit of HK\$3,456,934 will be paid to the Vendors on or before 11 February 2008. The balance of the aggregate consideration of HK\$68,379,936 will be paid by the Purchaser upon completion of the Disposal of the Properties. Completion of the Disposal shall take place within two (2) months from the date of the Letter Agreements (i.e., 4 April 2008).

### **Information on the Properties**

The Properties are currently leased out for rental income or in vacant condition. The net profits before and after tax and minority interests attributable to the Properties for the year ended 31 March 2006 were approximately HK\$2,940,000 and approximately HK\$2,020,000, respectively. The net profits before and after tax and minority interests attributable to the Properties for the year ended 31 March 2007 were approximately HK\$5,540,000 and approximately HK\$4,130,000, respectively. The net asset value of the Properties as at 31 March 2007 was HK\$29,000,000. The Company will realise a net disposal gain before tax and minority interests of approximately HK\$45,100,000 as a result of the Disposal, subject to final audit.

### **REASONS FOR THE DISPOSAL AND USE OF PROCEEDS**

The Group is principally engaged in the manufacture, retail and wholesale of apparel and accessories, property investment and printing in Asia, including Taiwan.

The Directors consider that the rising property market in Hong Kong presents a good opportunity for the Group to yield a reasonable return from the realization of the Properties. In deciding (i) the timing of the Disposal and (ii) whether the consideration for the Disposal represents a fair value of the Properties, the Directors have taken into account fully, among other matters, the rising property market in Hong Kong.

The Directors are of the view that the Disposal is on normal or better commercial terms to the Group and is fair and reasonable and in the interests of the Company and its shareholders (the “**Shareholders**”) as a whole.

The total net proceeds from the Disposal, after the repayment of outstanding mortgage loans of approximately HK\$12,000,000 and the deduction of related fees and expenses payable by the Vendors, will amount to approximately HK\$60,000,000. The Company intends to use such net proceeds as general working capital of the Group.

### **LISTING RULES IMPLICATIONS**

The Disposal constitutes a major transaction of the Company for the purpose of the Listing Rules and will be subject to the approval by the Shareholders. Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Disposal, the Company intends to seek a written approval of the Disposal from the Shareholders who

hold more than 50% in nominal value of the issued share capital of the Company in lieu of holding a general meeting for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules, subject to obtaining permission from the Stock Exchange.

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By Order of the Board  
**YGM Trading Limited**  
**Chan Wing Sun Samuel**  
Director

Hong Kong, 5 February 2008

*As at the date of this announcement, the Board comprises seven Executive Directors, namely Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Sun Samuel, Chan Suk Ling Shirley, Fu Sing Yam William, Chan Wing Kee and Chan Wing To, and, three Independent non-executive Directors, namely Leung Hok Lim, Wong Lam and Lin Keping.*

*An announcement containing details of the matters is available for viewing on the website of Hong Kong Exchange and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Companies Information" and on the website of the Company at [www.ygmtrading.com](http://www.ygmtrading.com).*