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YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

On 19 August 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Preliminary Agreement with the Purchaser for the sale and purchase of the Property at a consideration of HK\$66,800,000. Pursuant to the terms of the Preliminary Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 30 August 2016. Completion is scheduled to take place on or before 30 December 2016.

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 19 August 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Preliminary Agreement with the Purchaser for the sale and purchase of the Property at a consideration of HK\$66,800,000.

The key terms of the Preliminary Agreement are as follows:

Date of agreement:	19 August 2016
Vendor:	Luk Hop Garments Limited, a wholly-owned subsidiary of the Company
Purchaser:	Asia Wonder Property Development and Planning Company Limited
Property:	the whole of Ground Floor, Lead On Industrial Building, No. 18 Ng Fong Street, San Po Kong, Kowloon, Hong Kong
Consideration:	HK\$66,800,000, which shall be paid by the Purchaser to the Vendor in the manner as follows: <ul style="list-style-type: none">(i) HK\$3,000,000, being the initial deposit, has been paid by the Purchaser to the Vendor upon the signing of the Preliminary Agreement;(ii) HK\$3,680,000, being further deposit, will be paid by the Purchaser to the Vendor on or before 30 August 2016; and(iii) the balance of the Consideration of HK\$60,120,000 will be paid by the Purchaser to the Vendor upon completion on or before 30 December 2016.

Pursuant to the Preliminary Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 30 August 2016. The formal agreement, which will set out the detailed terms of the Disposal, is expected to supersede the Preliminary Agreement.

Completion is scheduled to take place on or before 30 December 2016.

INFORMATION ABOUT THE PROPERTY

The Property is the whole of Ground Floor, Lead On Industrial Building, No. 18 Ng Fong Street, San Po Kong, Kowloon, Hong Kong, which is for industrial uses.

Part of the Property is currently leased as workshops by the Vendor to Independent Third Parties. Pursuant to the Preliminary Agreement, the Disposal shall be subject to the existing tenancies subsisting on the leased portion of the Property. The Vendor shall deliver vacant possession of the non-leased portion of the Property upon completion of the Disposal.

As at 31 March 2016, the audited carrying value of the Property was approximately HK\$65,000,000.

For the years ended 31 March 2015 and 2016, net profit before taxation attributable to the Property was approximately HK\$6,349,000 and HK\$974,000, respectively, and net profit after taxation attributable to the Property was approximately HK\$6,329,000 and HK\$931,000, 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 wholly-owned subsidiary of the Company which is principally engaged in property investment.

Since early 2016, the Company has sought to dispose of the Property at a consideration which would reflect the investment potential of the Property. In February 2016, the Property was made available for sale by way of public tender, but no suitable offer had been received. 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\$1,800,000 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, the Purchaser is principally engaged in property investment, and 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 requires otherwise, the following expressions have the following

meanings:

“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\$66,800,000, 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”	the whole of Ground Floor, Lead On Industrial Building, No. 18 Ng Fong Street, San Po Kong, Kowloon, Hong Kong;
“Purchaser”	Asia Wonder Property Development and Planning Company Limited, a company incorporated in Hong Kong with limited liability, an Independent Third Party;
“Preliminary Agreement”	the preliminary sale & purchase agreement dated 19 August 2016 and entered into between the Vendor and the Purchaser in respect of the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Luk Hop Garments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 19 August 2016

As at the date of this announcement, the Board comprises seven 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, Mr. Chan Wing Kee and Mr. Chan Wing To; and four independent non-executive Directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung, Michael and Mr. Choi Ting Ki.