
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in YGM Trading Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

MAJOR TRANSACTION: SALE OF PROPERTY

Financial Adviser to the Company



South West Capital Limited
西南融資有限公司

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day on which The Hongkong and Shanghai Banking Corporation Limited is open for business, excluding Saturdays, Sundays and public holidays
“Company”	YGM Trading Limited (Stock Code: 00375), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Sale
“Directors”	directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	30 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Shop Nos. G29 & G30 on Ground Floor and Shop No. 15 on the First Floor of Site D, Park Lane Shopper’s Boulevard, Nos. 111-139, 143-161 & 165-181 Nathan Road, Kowloon, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 12 March 2012, entered into between the Vendor and the Purchaser in relation to the Sale
“Purchaser”	Everchamp Properties Limited, a company incorporated in Hong Kong with limited liability
“PRC”	People’s Republic of China
“Sale”	the sale of the Property by the Vendor to the Purchaser
“SFO”	the Securities and Futures Ordinance (Cap 571)

DEFINITIONS

“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Aramis International Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“%”	Per cent.

LETTER FROM THE BOARD

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

Executive Directors:

Chan Sui Kau (*Honorary Chairman*)
Chan Wing Fui, Peter (*Chairman*)
Chan Wing Sun, Samuel (*Vice Chairman*)
Chan Suk Ling, Shirley (*Chief Executive Officer*)
Fu Sing Yam, William (*Managing Director*)
Chan Wing Kee
Chan Wing To

Registered Office:

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

Independent Non-executive Directors:

Leung Hok Lim
Lin Keping
Sze Cho Cheung, Michael

2 April 2012

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION: SALE OF PROPERTY

INTRODUCTION

Reference is made to the announcement of the Company dated 12 March 2012 in which the board of Directors announced the Sale, which constitutes a major transaction of the Company for the purpose of the Listing Rules, in accordance with the requirements of the Listing Rules.

This circular provides you with, among other things, further information of the Sale in compliance with the requirements of the Listing Rules.

THE SALE

On 12 March 2012 (after trading hours), the Vendor entered into the Provisional Agreement pursuant to which, inter alia, the Vendor agreed to sell and the Purchaser agreed to purchase the Property at a Consideration of HK\$439,800,000 subject to and with the benefit of the existing tenancy agreement. Details of the tenancy agreement had been disclosed in the Company's announcement dated 6 January 2012. The Vendor shall prove title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong). Summarised below are the principal terms of the Provisional Agreement:

LETTER FROM THE BOARD

Date: 12 March 2012 (after trading hours)

Parties:

The Vendor: Aramis International Limited, a wholly-owned subsidiary of the Company

The Purchaser: Everchamp Properties Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries: (i) the principal activity of the Purchaser is property investment; and (ii) the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Consideration

The Consideration of HK\$439,800,000 for the Property shall be payable by the Purchaser to the Vendor in the following manner:–

- (1) an initial deposit in the sum of HK\$12,000,000 shall be paid to the Vendor upon signing of the Provisional Agreement;
- (2) a further deposit in the sum of HK\$31,980,000 shall be paid to the Vendor on or before 30 March 2012; and
- (3) the balance of the Consideration of HK\$395,820,000 shall be paid to the Vendor upon completion of the Sale.

As at the Latest Practicable Date, the Vendor had received from the Purchaser the initial deposit and further deposit in an aggregate sum of HK\$43,980,000.

Basis of determining the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to recent transaction prices of properties of similar nature located in the vicinity of the Property as provided by property agents. The Directors (including independent non-executive Directors) consider that the Consideration is fair and reasonable.

Failure to perform

If for any cause (other than the Vendor's default or due to the non-satisfaction of condition precedent) the Purchaser shall fail to complete the purchase of the Property in accordance with the terms of the Provisional Agreement, then all deposits already paid by the Purchaser shall be absolutely forfeited to the Vendor who may (without tendering an assignment to the Purchaser) rescind the Sale and resell the Property and any deficiency in price and all reasonable expenses attending such resale shall be recoverable by the Vendor from the Purchaser. Any increase in price realized by such resale shall belong to the Vendor.

LETTER FROM THE BOARD

If the Vendor shall (other than owing to the default of the Purchaser or due to the non-satisfaction of condition precedent) fail to complete the sale of the Property in accordance with the terms of the Provisional Agreement, the Vendor shall refund the said initial and/or the further deposits paid to the Purchaser and the Purchaser shall be entitled to claim damages against the Vendor.

Either the Vendor or the Purchaser may bring an action and obtain a decree for specific performance of the Provisional Agreement either in lieu of or in addition to damages as the innocent party may sustain by reason of the breach by the other party.

Condition precedent

Completion of the sale and purchase of the Property is subject to and conditional upon obtaining the approval from the majority of the Shareholders in relation to the Sale on or before 21 June 2012, being 5 Business Days prior to the date of completion.

Completion

The formal agreement for sale and purchase shall be executed on or before 30 March 2012 (before 5:00 p.m.) and completion of the Sale shall take place on or before 28 June 2012 (before 5:00 p.m.) by way of solicitors' cross undertakings.

As at the Latest Practicable Date, the formal agreement for sale and purchase had been executed.

INFORMATION ON THE GROUP

The principal businesses of the Group are manufacturing, retail and wholesale of world-renowned apparel and accessories, licensing of trademarks, printing and related services and property rental.

POSSIBLE FINANCIAL EFFECT OF THE SALE

The actual gain will depend on the net book value of the Property attributable to the Group as at the date of Completion, the actual costs and expenses to be incurred in connection with the Sale, which are yet to be determined as at the Latest Practicable Date. The excess of the Consideration over the net book value of the Property is approximately HK\$404,000,000 which is based on estimate of the net book value of the Property, being approximately HK\$35,700,000 as at the date of completion (not taking into account of fees and expenses in connection with the Sale).

As disclosed in the Company's announcement dated 6 January 2012, the Property was previously used and occupied by the subsidiaries of the Company. It was later leased to the existing tenant pursuant to a tenancy agreement dated 6 January 2012 and the term of the tenancy commenced on 20 February 2012. The Property did not generate any profits during the last two financial years and as such no information relating to the net profits attributable to the Property for the two financial years immediately preceding the Sale is disclosed in this circular. The announcement also disclosed that upon the commencement of the term of the tenancy, the Property will be re-classified as "Investment Properties" in the financial statements of the Company for the year ending 31 March 2012. Given the Property was sold in a relatively short period of time after the commencement of the tenancy, the Company has not yet completed the revaluation before the Sale. As such no information in relation to the gain on disposal after taking into account the revaluation of the Property is disclosed in this circular.

LETTER FROM THE BOARD

Save as the above, the Sale has no significant impact on the assets and liabilities of the Company. The Sale is not expected to have any significant impact on the earnings of the Company in short term, but is expected to improve the profitability of the Company in the long run as the Company with its strong financial and cash position is well placed to identify investment opportunities that would add value to the existing business model of the Group.

REASONS FOR AND BENEFITS OF THE SALE

With the favourable investment and property market conditions, the Directors are of the view that the Sale represents a good opportunity for the Group to realise its investment in the Property at attractive return.

The Directors (including independent non-executive Directors) consider that the Provisional Agreement is entered into after arm's length negotiations and the terms therein are in accordance with the normal practice in the Hong Kong property market and the Sale is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Company intends to use the net sale proceeds from the Sale for general working capital and for future development. The Company is not in negotiation of investment in any assets or any other investment opportunities as at the Latest Practicable Date.

IMPLICATIONS OF THE LISTING RULES

As one or more of the relevant percentage ratios in respect of the Sale are more than 25% but less than 75%, the Sale constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Sale is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As no Shareholder has a materially different interest in the Sale, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and as the Company has obtained a written approval of the Sale from a closely allied group of Shareholders who collectively hold 88,804,982 Shares in the Company, representing approximately 54.02% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules, the Company is not required to convene a general meeting for approving the Sale. Information of the closely allied group of Shareholders are as follows:

LETTER FROM THE BOARD

Name of beneficial shareholder	Relationship among the shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Chan Sui Kau (“SK Chan”)	–	6,875,092	4.18%
Chan Wing Fui, Peter	Son of SK Chan and the brother of Chan Wing Sun Samuel and Chan Suk Ling Shirley	1,024,068	0.62%
Chan Wing Sun, Samuel	Son of SK Chan and the brother of Chan Wing Fui Peter and Chan Suk Ling Shirley	15,017,216	9.13%
Chan Suk Ling, Shirley	Daughter of SK Chan and the sister of Chan Wing Fui Peter and Chan Wing Sun Samuel	6,617,544	4.03%
Fu Sing Yam, William	Nephew of SK Chan	1,475,462	0.90%
Chan Wing Kee	Nephew of SK Chan and the brother of Chan Wing To	9,346,776	5.69%
Chan Wing To	Nephew of SK Chan and the brother of Chan Wing Kee	8,998,736	5.47%
Chan Family Investment Corporation Limited	Company owned by members of the Chan Family comprising Messrs SK Chan, Chan Wing Fui Peter, Chan Wing Sun Samuel, Fu Sing Yam William, Chan Wing Kee and Chan Wing To and Madam Chan Suk Ling Shirley	34,932,700	21.25%
Hearty Development Limited	Company owned by the Chan Family comprising Messrs Chan Wing Fui Peter, Chan Wing Sun Samuel, Chan Wing Kee and Chan Wing To and Madam Chan Suk Ling Shirley	2,920,388	1.78%
Super Team International Limited	Company owned by the Chan Family comprising Messrs Chan Wing Kee and Chan Wing To	1,597,000	0.97%
	Aggregate	88,804,982	54.02%

LETTER FROM THE BOARD

The Board considers that the terms and conditions of the Provisional Agreement are fair and reasonable and the Sale is in the interests of the Company and the Shareholders as a whole. Accordingly, if an extraordinary general meeting would be convened for the purpose of approving the Provisional Agreement and the Sale, the Board would recommend the Shareholders to vote in favour of the resolution in relation to the Provisional Agreement and the Sale.

GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
YGM TRADING LIMITED
Chan Wing Fui, Peter
Chairman

INDEBTEDNESS

At the close of business on 29 February 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured bank loans of approximately HK\$19,600,000.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 29 February 2012, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at approximately the exchange rates prevailing as at 29 February 2012. As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the Group's indebtedness positions, contingent liabilities, financial or trading position since 29 February 2012.

WORKING CAPITAL

In the absence of unforeseen circumstances and taking into account the internal resources available to the Group and the net sale proceeds from the Sale, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP FOR THE YEAR ENDING 31 MARCH 2012

As shown in the Company's Interim Report 2011, during the six months ended 30 September 2011, the Company had increased in sales revenue and overall profit as compared with same period last year despite a challenging economic environment. Consumers' spending in Hong Kong and Mainland China remained strong. Sales of "Aquascutum" increased and the Company believes the brand has yet to reach its potentials as plans for expansion in both sales outlets and product lines are still underway.

Although majority of the Group's business is generated from the Greater China region, economic problems in the U.S. and Europe can also affect negatively the Group's business here. The Group's management recognizes the challenges ahead at this turbulent time and will be prudent in managing the basics such as inventory control, overheads and expenses. However, at the same time, the Company is confident of a steady growth and will also seek opportunities ahead.

30th March 2012

The Directors
YGM Trading Limited
3/F, No.22 Tai Yau Street,
San Po Kong, Kowloon
Hong Kong

Dear Sir,

**Re: Shops Nos. G29 & G30 on Ground Floor and Shop No.15 on 1st Floor of Site D,
Park Lane Shopper's Boulevard, Nos. 111-139, 143-161 & 165-181 Nathan Road, Kowloon**

In accordance with the instructions from YGM Trading Limited (hereinafter referred to as the "Company") for us to carry out a valuation of the captioned properties (hereinafter referred to as the "Property"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 12th March 2012 (hereinafter referred to as the "date of valuation") for sale purpose.

This letter, forming part of our valuation certificate, identifies the Property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

1. BASIS OF VALUATION

Our valuation of the Property is our opinion of the market value which we would define to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been carried out in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) issued, by the Hong Kong Institute of Surveyors and the generally accepted valuation procedures and practices of professional surveyors.

2. VALUATION METHODOLOGY

In the course of our valuation, we have valued the Property by using "Comparison Method" with reference to market comparable sales evidences available in the market.

3. VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of government rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Property are to be sold in the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements that would serve to affect their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions, and outgoings of an onerous nature that could adversely affect their value.

4. TITLE INVESTIGATION

For the Property, we have caused searches at the Land Registry. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments. All documents and leases have been used for reference only.

Moreover, we have not been provided with any legal opinion regarding to the titles to the property interests.

5. SURVEYS AND CONDITIONS

We have inspected the interior and exterior of the Property. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Property. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

6. SOURCE OF INFORMATION

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents available to us and are therefore approximations only.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of buildings, particulars of occupancy, site and floor plans, site and floor areas and other relevant matters in the identification of the Property in which the Company has valid interest. We have not seen original planning consents and have assumed that the Property has been erected and are being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

7. NON-PUBLICATION

Neither the whole nor any part of this letter or valuation certificate or any reference thereto may be included in any published document, circular or statement, nor published in any way whatsoever without the prior written approval of Prudential Surveyors International Limited as to the form and context in which they may appear.

In accordance with our standard practice, we must state that this letter and the valuation certificate are for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. No liability to any third party will be accepted for the whole or any part of its contents.

8. NO CONFLICTION OF INTEREST

We hereby confirm that we have neither present nor prospective interests in the Company, the Property and the value reported herein.

9. EXPERIENCE OF VALUER

Mr. Brian Law has 20 years post qualification experience in property valuation in Hong Kong. He joined Prudential Surveyors International Ltd. in 1992 as an Associate Director and became an Executive Director in 1994.

Yours faithfully,

For and on behalf of

PRUDENTIAL SURVEYORS INT'L LTD.

Brian K P Law

BSc, MHKIS (GP/PFM) MRICS

RPS (GP) CIREA (Appraiser)

Director

**VALUATION CERTIFICATE OF PROPERTY
YGM TRADING LIMITED**

Property	Description	Particular of Occupancy	Market Value in existing state as at 12 th March 2012
Shops Nos. G29 & G30 on Ground Floor and Shop No.15 on 1 st Floor of Site D, Park Lane Shopper's Boulevard, Nos. 111-139, 143-161 & 165-181 Nathan Road, Kowloon, Hong Kong	<p>The Property are retail shops of the Site D of a low rise development which has 3 blocks of 1 to 2-storey commercial building completed in 1985 at the edge of Kowloon Park.</p> <p>There is no partition wall between the shops on ground floor and there is an internal staircase erected at the rear of Shop No. G29 connecting the ground floor shops with Shop No.15 on 1st Floor. Alternative access to Shop No.15 is via a public staircase and a private service corridor at the back. It should be noted that decoration works are in progress and the position of the existing internal staircase is different from the approved building plans.</p>	<p>The Property are leased for a term of 3 years from 20th February 2012 upto 19th February 2015 at a rent of HK\$1,380,000.00 per month (exclusive).</p> <p>The current market rent is same as the passing market rent.</p>	HK\$439,800,000.00.

The gross floor areas and saleable areas of the Property are as follows:-

Shop	GFA ¹	SA ²
G29	1,533	1,508
G30		
15	1,427	1,144
Total (sq.ft)	2,960	2,652
(sq.m)	274.99	246.38

A total of 46/2,308 shares of and in Kowloon Inland Lot No.10710

The Property are held under Conditions of Sale No.UB11654 for a lease term of 75 years, renewable for 75 years, commencing from 23rd February 1983.

The government rent payable for the lot is HK\$1,000.00 per annum.

Note:

1. Gross Floor Area (GFA) given are extracted from developer brochures
2. Saleable Areas (SA) given are measured from approved building plans

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

(a) *Long position in the shares of the Company*

Name of Directors	Number of ordinary shares in the Company			
	Personal interests (i)	Family interests	Corporate interests	Other interests
Chan Sui Kau	3,034,272	214,368	3,840,820	(ii)
Chan Wing Fui, Peter	1,024,068	11,677,420	–	(ii) & (iii)
Chan Wing Sun, Samuel	7,476,072	250,000	7,541,144	(ii) & (iii)
Chan Suk Ling, Shirley	6,617,544	16,000	–	(ii) & (iii)
Fu Sing Yam, William	1,825,462	–	–	(ii)
Chan Wing Kee	9,346,776	819,404	–	(ii), (iii) & (iv)
Chan Wing To	8,998,736	–	–	(ii), (iii) & (iv)
Leung Hok Lim	100,000	–	–	–
Lin Keping	25,000	–	–	–

Notes:

- (i) *The shares are registered under the names of the directors and chief executives who are the beneficial owners.*
- (ii) *34,932,700 shares of the Company were held by Chan Family Investment Corporation Limited (which is owned by Messrs Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To and Fu Sing Yam, William, Madam Chan Suk Ling, Shirley and other members of the Chan family) and its subsidiaries.*
- (iii) *2,920,388 shares of the Company were held by Hearty Development Limited which is indirectly owned by Messrs Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel and Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.*
- (iv) *1,597,000 shares of the Company were held by Super Team International Limited which is indirectly owned by Messrs Chan Wing Kee and Chan Wing To and other members of the Chan family.*

(b) *Share options of the Company*

Pursuant to a share option scheme adopted by the Company on 23 September 2004, the Company had on 17 January 2005 granted to certain Directors the rights to subscribe for Shares at an exercise price of HK\$12.10 per Share exercisable during the period from 16 February 2005 to 15 February 2015 (both days inclusive), details of which are as follows:

Name of Directors	Number of ordinary shares subject to the share options outstanding
Fu Sing Yam, William	250,000
Chan Wing To	500,000

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

At the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 March 2011 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into any service contract with any members of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

Saved as disclosed below, at the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

On 4 March 2008, Societe Guy Laroche (the “**French Subsidiary**”) early terminated the licensing contract (the “**Licensing Contract**”) with a company incorporated in France, which was a former licensee of the Group’s men’s wear for Southern Europe and North Africa (the “**Former Licensee**”), on the ground that the Former Licensee breached the Licensing Contract on numerous occasions. The early termination of the Licensing Contract was first refused by the Tribunal of Commerce of Paris and then upheld by the Supreme Court of Paris. On 1 October 2008, the Licensing Contract was legally terminated by the judgment from the Court of Appeal of Paris.

The French Subsidiary then initiated a claim in the Tribunal of Commerce of Paris against the Former Licensee in an amount of EUR1,404,000 (equivalent to HK\$14,868,000[#]) for the breach of the Licensing Contract by the Former Licensee. The Former Licensee counterclaimed for losses arising from the termination of the Licensing Contract for approximately EUR2,773,000 (equivalent to HK\$29,366,000[#]).

On 22 December 2010, the Tribunal of Commerce of Paris ruled against the French Subsidiary and the French Subsidiary shall be liable for approximately EUR2,600,000 (equivalent to HK\$27,534,000[#]) as indemnities for the losses of gross margin resulting from the termination of the Licensing Contract and EUR15,000 (equivalent to HK\$159,000[#]) for the related design fee incurred. According to the judgment from the Tribunal of Commerce of Paris, the design fee of EUR15,000 (equivalent to HK\$159,000[#]) shall be settled immediately while the indemnity of approximately EUR2,600,000 (equivalent to HK\$27,534,000[#]) is not provisionally enforceable and settlement shall be pending the judgment from the Court of Appeal of Paris. The French Subsidiary appealed against the ruling on 28 December 2010.

Having considered the litigation with the French Subsidiary’s various legal counsels, the Board of Directors believes that the French Subsidiary is unlikely to be liable to the litigation. Accordingly, no provision has been recorded in the financial statements as at 30 September 2011 in respect of the above litigation.

[#] *The HK\$ figure is calculated based on an exchange rate of EUR1 = HK\$10.59 for illustrative purpose only.*

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

6. MATERIAL CONTRACT

Save for the irrevocable undertaking dated 15 December 2011 given by, among others, the Company in favour of Perfect Lead Investments Limited in connection with the voluntary conditional cash offer for all the issued shares of Hang Ten Group Holdings Limited which had been disclosed in the Company’s circular dated 3 January 2012, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the members of the Group within the two years immediately preceding the issue of this circular.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given his opinion and advice which are included in this circular:

Name	Qualification
Prudential Surveyors International Ltd.	MHKIS MRICS RPS

Prudential Surveyors International Ltd. has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or reference to its name in the form and context in which it is included.

8. EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, Prudential Surveyors International Ltd.:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any direct or indirect interest in any assets which have been, since 31 March 2011 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

- (a) The company secretary of the Company is Mr. Leung Wing Fat, FCCA and FCPA. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (b) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The registered office of the Company is at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong from the date of this circular up to and including 3 April 2012:

- (a) the memorandum and articles of association of the Company;
- (b) the material contract;
- (c) the annual reports of the Company for each of the two financial years ended 31 March 2011;
- (d) the valuation report on the Property from Prudential Surveyors International Ltd. as set out in Appendix II to this circular; and
- (e) this circular.