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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION - LICENCE ARRANGEMENT

Reference is made to the joint announcement (the “**Announcement**”) of YGM Trading Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and YangtzeKiang Garment Limited dated 25 March 2019 relating to the continuing connected transactions in relation to the Garment Transactions and the Licence Agreement.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to clarify that the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKFRSs**”) applicable to the Group include HKFRS 16 “Leases” which has come into effect on 1 January 2019. Under HKFRS 16, the entering into the Licence Agreement will require the Group, as licensee, to recognise the licensing of the Premises as a right-of-use asset with a cost of approximately HK\$17,700,000 at initial recognition and a corresponding lease liability which represents the present value of the future licence fee payments. Thus the transaction under the Licence Agreement should be regarded as an acquisition of asset (instead of a continuing connected transaction) under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% but all are less than 5%, the transaction contemplated under the Licence Agreement is therefore subject to announcement and reporting requirements but is exempt from independent Shareholders’ approval under Chapter 14A of the Listing Rules.

Save for the information stated above, all the information in the Announcement remains unchanged.

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

Hong Kong, 27 March 2020

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. Lin Keping, Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.