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YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

PROPOSED CAPITAL REDUCTION

The Company proposes to implement the Capital Reduction by reducing the credit standing to the share capital account of the Company by an amount of HK\$363,909,000 from HK\$383,909,000 as at the date of this announcement to HK\$20,000,000. The credit arising from the Capital Reduction will be applied to a capital reduction reserve account of the Company and be regarded as a realised profit pursuant to Section 214 of the Companies Ordinance available for set off against any accumulated losses and/or make distribution to the Shareholders.

A circular setting out details of the Capital Reduction and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

CAPITAL REDUCTION

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CONDITIONS OF THE CAPITAL REDUCTION

The Capital Reduction is subject to the satisfaction of, among other things, the following conditions:

- (i) the passing by the Shareholders of a special resolution to approve the Capital Reduction and related matters at the EGM;
- (ii) all the Directors making a solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance;
- (iii) the publication of a notice of capital reduction in the Gazette and newspapers in accordance with the Companies Ordinance;
- (iv) the delivery to the Registrar for registration of copy of the solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance;
- (v) either (a) there being no application to the Court for cancellation of the special resolution by creditors or members of the Company within five weeks of the date of the special resolution to approve the Capital Reduction; or (b) if there is any such application, the Court making an order to confirm the special resolution; and

- (vi) the delivery to the Registrar for registration and/or the registration by the Registrar (as applicable) of the relevant documents within the prescribed timeframe in accordance with the Companies Ordinance.

As at the date of this announcement, none of the above conditions have been fulfilled.

Assuming that all of the above conditions are fulfilled, it is expected that the Capital Reduction will become effective upon the registration by the Registrar of the return of reduction of share capital (by special resolution supported by solvency statement) required under the Companies Ordinance. The Company will update its Shareholders regarding the Effective Date by way of announcement in compliance with the Listing Rules as and when required.

EFFECTS OF THE CAPITAL REDUCTION

As at the date of this announcement, the Company had a paid-up share capital of HK\$383,909,000. Upon completion of the Capital Reduction and assuming no further changes to the share capital of the Company from the date of this announcement to the Effective Date, the Company will have a paid-up share capital of HK\$20,000,000.

Other than the relevant expenses incurred, the implementation of the Capital Reduction will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole. The Board believes that the Capital Reduction will not have any material adverse effect on the financial position of the Company and that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due in its ordinary and usual course of business. The Capital Reduction will not result in any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relative rights of the Shareholders.

Set out below, for illustrative purpose only, is a simplified statement showing the proposed movement of the equity of the Company (i) immediately before the Capital Reduction; and (ii) immediately after the Capital Reduction taking effect and the application of credit arising from the Capital Reduction to a capital reduction reserve account, based on the Company's position as at 31 March 2025.

	Immediately before the Capital Reduction	Immediately after the Capital Reduction taking effect and the application of credit arising from the Capital Reduction to a capital reduction reserve account
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share capital	383,909	20,000
Capital reduction reserve	-	363,909
Reserves	21,991	21,991
Total equity	405,900	405,900

Note: This table does not take into account expenses that will be incurred by the Company in relation to the Capital Reduction.

REASONS FOR THE CAPITAL REDUCTION

The Company has distributed dividends to the Shareholders over the past several years, demonstrating its ongoing commitment to rewarding shareholder investment. In order to maintain this ability moving forward, the Company proposed to carry out the Capital Reduction. The Capital Reduction will reclassify a portion of the Company's non-distributable share capital into distributable reserves, thereby increasing the reserves available for future use. With this enhanced flexibility, the Company will be better positioned to continue paying dividends and to carry out corporate initiatives that require the use of distributable reserves.

Based on the reasons and the effects of the Capital Reduction as set out above, the Board considers that the Capital Reduction is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

GENERAL

A circular setting out details of the Capital Reduction and a notice convening the EGM to approve the Capital Reduction and related matters will be despatched to the Shareholders as soon as practicable. No Shareholders will be required to abstain from voting on the resolution(s) to approve the Capital Reduction.

As the Capital Reduction is subject to the satisfaction of conditions, it may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following respective meanings:

"Articles of Association"	the articles of association of the Company;
"Board"	the board of Directors;
"Capital Reduction"	the proposed reduction of the credit standing to the share capital account of the Company by an amount of HK\$363,909,000 from HK\$383,909,000 to HK\$20,000,000;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) currently in force;
"Company"	YGM Trading Limited, a company incorporated in Hong Kong with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 00375);
"Court"	the Court of First Instance of the High Court of Hong Kong;
"Director(s)"	the director(s) of the Company;
"Effective Date"	the date on which the Capital Reduction becomes unconditional and effective;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“EGM”	the extraordinary general meeting of the Company to be convened by the Company for the purpose of approving the Capital Reduction and related matters;
“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;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Registrar”	the Registrar of Companies in Hong Kong;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholders”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

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

Hong Kong, 11 September 2025

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley, Mr. Fu Sing Yam, William, Mr. Chan Wing Fui, Peter and Mr. Chan Wing Kee and three Independent Non-executive Directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.