

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARES
OF A SUBSIDIARY AND SALE LOAN;
(2) POST-COMPLETION CONTINUING CONNECTED
TRANSACTIONS;
AND
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Disposal

On 11 September 2025, the Vendors and the Debt Vendor entered into the SPA with the Purchaser in relation to the sale and purchase of the entire issued shares in YGM Retail and the assignment of the Sale Loan due from YGM Retail at a total Consideration of HK\$34,320,000.

As one or more of the applicable percentage ratios in respect of the Disposal in aggregate exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, the Purchaser is owned as to 75% by Mr. Michael Chan and 25% by Mr. Jason Chan. As set out in the section headed "Information of the Purchaser" below, Mr. Michael Chan is a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to announcement, Independent Shareholders' approval and reporting requirements under the Listing Rules.

Post-Completion continuing connected transactions

Completion of the Disposal is conditional upon, among others, YGM Retail and YGM Marketing entering into a distribution and manufacturing license agreement, pursuant to which, YGM Retail shall grant to YGM Marketing (i) an exclusive right to market, distribute and sell the Products in Hong Kong and Macau, (ii) a non-exclusive right to manufacture the Products worldwide, and (iii) a non-exclusive license to use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau for a term of three years, which shall be immediately effective from the Completion Date.

Upon Completion, YGM Retail will be wholly owned by the Purchaser and become a connected person of the Company. The transactions contemplated under the DML Agreement shall constitute continuing connected transactions of the Company under the Listing Rules. As such, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Appointment of the Independent Financial Adviser

Crescendo Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the SPA, the DML Agreement (including the proposed Annual Caps) and the respective transactions contemplated thereunder.

EGM

At the EGM, ordinary resolutions, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder.

General

A circular containing, amongst other things, (i) further information on the Disposal and the DML Agreement; (ii) a letter from the Independent Board Committee in respect of the Disposal and the DML Agreement; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposal and the DML Agreement; (iv) the report in respect of the Valuation; and (v) a notice convening the EGM, will be sent to the Shareholders by the Company. The Company expects that the circular will be despatched on or before 13 October 2025 in order to allow sufficient time to prepare the necessary information for inclusion in the circular.

A. INTRODUCTION

The Board announces that on 11 September 2025, after trading hours, the Vendors and the Debt Vendor entered into the SPA with the Purchaser, in relation to the sale and purchase of the Sale Shares and the assignment of the Sale Loan.

B. THE DISPOSAL

THE SPA

Date: 11 September 2025

The Vendors: (i) YGM Limited; and
(ii) Yampa Investments Limited

The Debt Vendor: The Company

The Purchaser: Citimark Trading Limited

Assets to be disposed of: Pursuant to the SPA, (i) the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and (ii) the Debt Vendor has conditionally agreed to sell and assign to the Purchaser and the Purchaser has conditionally agreed to purchase and take assignment of the Sale Loan.

The sale and purchase of the Sale Shares and the assignment of the Sale Loan shall be completed simultaneously.

Consideration and payment terms:	<p>The total Consideration for the Disposal payable by the Purchaser is HK\$34,320,000, which shall be settled by way of cheque in three instalments:</p> <ul style="list-style-type: none"> (i) 10% of the consideration shall be paid by the Purchaser upon signing of the SPA; (ii) 60% of the consideration shall be paid by the Purchaser within three days after receipt of the certified copy of the resolution of the Independent Shareholders approving the SPA and the transactions contemplated thereunder; and (iii) 30% of the consideration shall be paid by the Purchaser on Completion Date.
Conditions precedent:	<p>Completion shall be conditional upon (i) the approval by the Independent Shareholders of the SPA, the DML Agreement and the respective transactions contemplated thereunder at the EGM, and (ii) the entering into the DML Agreement between YGM Retail and YGM Marketing which will take effect immediately upon Completion.</p> <p>In the event that approval from the Independent Shareholders for the SPA and the DML Agreement and the respective transactions contemplated thereunder could not be obtained at the EGM prior to Completion, the parties are not obliged to proceed with the Completion and the SPA shall terminate automatically. Any deposit received by the Vendors or its solicitors shall be returned to the Purchaser without interest and the Purchaser shall not have any further claim against the Vendors and the Debt Vendor or sue the Vendors and Debt Vendor for specific performance of the SPA and the parties shall be released from further performance of the SPA.</p>
Completion:	<p>Completion shall take place on the Completion Date at or before 3:00 p.m. or at such other time and in such manner as may be agreed by the Vendors and the Purchaser.</p>

Information of the Group and the Vendors

The Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding and provision of management services. The Group is principally engaged in the garment wholesaling and retailing, trademark ownership and licensing, property investment and provision of security printing, general business printing and trading of printing products.

YGM Limited and Yampa Investments Limited are both wholly owned subsidiaries of the Company and are both principally engaged in investment holding.

Information of the Purchaser

The Purchaser is a limited liability company incorporated in Hong Kong whose principal business is investment holding and trading. As at the date of this announcement, the Purchaser is owned as to 75% by Mr. Michael Chan and 25% by Mr. Jason Chan. Mr. Michael Chan is a connected person of the Company

under Chapter 14A of the Listing Rules by virtue of being a brother of three executive Directors, namely Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley. Mr. Michael Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. Jason Chan is (i) a son of Mr. Michael Chan; and (ii) a nephew of Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, and a first cousin once removed to Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, each an executive Director. As a result, the Purchaser is a connected person of the Company.

Each of Mr. Michael Chan and Mr. Jason Chan is a merchant. Mr. Michael Chan has nearly 50 years of experience in the apparel industry and has been operating his own wholesale and retail business of a well-known French brand in the PRC (including Hong Kong and Macau) for more than 20 years. Mr. Jason Chan, the son of Mr. Michael Chan, also has extensive experience in managing branded apparel business and has established various online sales channels in the PRC.

On 5 February 2024, the Purchaser and YGM Retail entered into a trademark license agreement (the “**PRC Trademark License Agreement**”), pursuant to which YGM Retail granted to the Purchaser the exclusive right to use the Ashworth IP in the PRC with effect from 1 June 2024; and a consignment agreement (the “**Consignment Agreement**”), pursuant to which YGM Retail shall make consignment arrangement with the Purchaser in relation to the sales of certain Ashworth products and accessories. Details of the Trademark License Agreement and the Consignment Agreement entered into with the Purchaser are set out in the announcement of the Company dated 5 February 2024.

The Company will continue to comply with the relevant annual caps in respect of the PRC Trademark License Agreement and the Consignment Agreement, as set out in the announcement dated 5 February 2024, up to the Completion and continue to implement the internal control measures including, among others, the annual review by the independent non-executive Directors and the auditors of the Company for the year ending 31 March 2026. Upon Completion, YGM Retail will become a subsidiary of the Purchaser and the Group will no longer have any interests in YGM Retail, nor in the PRC Trademark License Agreement and the Consignment Agreement. Accordingly, upon Completion, the compliance requirements under Chapter 14A of the Listing Rules arising from the PRC Trademark License Agreement and the Consignment Agreement will no longer be applicable to the Group.

Information of YGM Retail

YGM Retail is a limited liability company incorporated in Hong Kong and, as at the date of this announcement, it is an indirect wholly-owned subsidiary of the Company and is held by the Company as to 50% through YGM Limited and 50% through Yampa Investments Limited.

Principal business

The principal business of YGM Retail is trademark ownership and licensing. It is the owner of all the Ashworth IP, which is an iconic golf label and the major asset of YGM Retail, globally. The Ashworth brand is primarily known for golf and sporting apparel and accessories, with a focus on high-quality, stylish and functional clothing for golfers and outdoor enthusiasts, and market positioning in the premium range. As at the date of this announcement, YGM Retail does not hold any other intellectual property other than the Ashworth IP.

As at the date of this announcement, in addition to the PRC Trademark License Agreement mentioned above, YGM Retail had also entered into trademark license agreements (together with the PRC Trademark License Agreement, the “**Trademark License Agreements**”) with three licensees (together with the Purchaser, the “**Licensees**”) located in the United States (“**USA**”), United Kingdom (“**UK**”) and the

Republic of Korea (“**South Korea**”) in 2022, respectively. Pursuant to the Trademark License Agreements, YGM Retail granted the Licensees the exclusive right to use the Ashworth IP in the territory(ies) stipulated therein. The Licensees pay YGM Retail royalty fees based on the sales / purchase (as the case may be) amounts made by the Licensees. A non-refundable minimum royalty is payable by the Licensees to YGM Retail for each twelve month period during the term of the respective agreements. If the royalty fee of a Licensee exceeds the minimum royalty in a particular year, the Licensee will pay such excess royalty to YGM Retail according to the terms agreed under their respective Trademark License Agreement. Upon expiry of the initial term, certain Licensees have the option to renew their respective Trademark License Agreements, subject to meeting the minimum sales/purchase amount stipulated in the respective agreements.

Key financial information

Set out below is the key financial information of YGM Retail for the two financial years ended 31 March 2024 and 2025:

	For the year ended	
	31 March 2025	31 March 2024
	HK\$ '000	HK\$ '000
	(Unaudited)	(Audited)
Revenue	4,455	1,831
(Loss)/Profit before taxation	(222)	2
(Loss)/Profit after taxation	(222)	2

The unaudited net liabilities of YGM Retail amounted to approximately HK\$1,582,000 as at 30 June 2025.

As discussed in the subsection headed “Principal business” above, YGM Retail derived its revenue from royalty payments made by the Licensees. For the year ended 31 March 2025, YGM Retail’s revenue increased by approximately HK\$2,624,000 as compared with the previous year. The increase was mainly attributable to (i) the increase in minimum royalty amounts payable by the USA, UK and South Korea Licensees as compared to the previous year pursuant to their respective Trademark License Agreements; and (ii) minimum royalty amount received from the PRC Licensee (i.e. the Purchaser), whose licensing arrangement was effective from June 2024. As the Licensees’ royalty fees were less than the minimum royalty amounts in each of 2024 and 2025, the Licensees paid only the minimum royalty amounts for such years.

Despite the increase in revenue for the year ended 31 March 2025, YGM Retail incurred additional marketing and advertising expenses in connection with the Ashworth fashion show held at the Hong Kong Convention and Exhibition Centre in September 2024, as part of its promotion initiatives. As a result, YGM Retail recorded a net loss for the year, as compared with a breakeven position in the preceding year.

Valuation

The Company engaged BMI Appraisals Limited as the independent Valuer to conduct the Valuation of 100% equity interest in YGM Retail as at 30 June 2025 for the purpose of the Disposal. The Valuation has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

Basis and key assumptions

The Valuation has been carried out on the basis of market value, which is “the estimated amount for which an asset or liability should exchange on the valuation date 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.”

In conducting the Valuation, the Valuer has adopted certain assumptions which will be set out in the Valuation report and forms part of the circular in respect of, among others, the Disposal and the DML Agreement to be sent by the Company to its Shareholders. The key assumptions adopted by the Valuer are extracted below:

- there will be no material change in the existing political, legal, fiscal, technological, economic and market conditions in the jurisdiction where YGM Retail is currently or will be situated;
- there will be no material change in the taxation laws and regulations in the jurisdiction where YGM Retail is currently or will be situated, that the tax rates will remain unchanged and that all applicable laws and regulations will be complied with;
- the market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- the supply and demand, both domestically and internationally, of the services of YGM Retail or similar services will not differ materially from those of present or expected;
- the market prices and the relevant costs, both domestically and internationally, of the services of YGM Retail or similar services will not differ materially from those of present or expected;
- the services of YGM Retail or similar services are marketable, that there are active markets for the exchange of the services of YGM Retail or similar services;
- the market data, industrial information and statistical figures obtained from publicly available sources are true and accurate;
- all licenses, permits, certificates and consents issued by any local, provincial or national government or other authorized entity or organization that will affect the operation of YGM Retail have been obtained or can be obtained upon request with an immaterial cost;
- the core operation of YGM Retail will not differ materially from those of present or expected; and
- the financial and operational information in respect of YGM Retail have been prepared on a reasonable basis that have been arrived at after due and careful consideration by the senior management of the Company.

Valuation approach

The following generally accepted valuation approaches have been considered in the course of the Valuation, being (i) the market approach; (ii) the income approach; (iii) the cost approach; and (iv) the asset-based approach. The Valuer has considered the following:

- (i) The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset. Given the characteristics of YGM Retail that its major income is royalty income through licensing trademark, there was a lack of explicitly industry comparables or market transactions available as at the Valuation Date to derive an indicative value of YGM Retail with sufficient level of accuracy. Accordingly, the market approach was abandoned by the Valuer.
- (ii) The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset. It heavily relies on the management's future net cash flow forecasts, which are highly dependent on the future royalty incomes from licensees. There was considerable uncertainty in the future sales of Licensees in different geographic regions and renewal arrangement of their licensing agreements in the future. One Trademark License Agreement will expire in early 2026 with no indication of renewal as at the Valuation Date while other Trademark License Agreements will expire between 2029 and 2032. Based on the historical sales / purchases performance of the Licensees, and with the exception of the performance of one Licensee in 2023, all Licensees' performances were below the required thresholds to meet the minimum royalty amounts stipulated in the Trademark License Agreements. This raises uncertainty over whether these agreements would be renewed. Further, as at the Valuation Date, there was no concrete business expansion plan of YGM Retail to enter into other licensing agreements with new licensees. Accordingly, it was uncertain if there would be other licensing revenue apart from the existing Trademark License Agreements. As a reasonable cash flow forecast could not be made, the Valuer considered the income approach was not appropriate.
- (iii) The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing the same or a substitute asset with equal utility as the subject asset. Since YGM Retail has long operating history of over 20 years, the historical cost of establishment of YGM Retail over the years may not be representative of the costs to develop its assets and liabilities as at the Valuation Date. The replication cost or replacement cost of YGM Retail, which is a company rather than an asset, could not be reliably quantified or estimated.
- (iv) The asset-based approach provides an indication of value based on the principle that the sum of each asset and liability component represents the overall value of an entity. This approach was considered by the Valuer to be the most appropriate valuation approach in the valuation of YGM Retail because each of the elements of working capital, tangible and intangible assets of YGM Retail, including the major asset, could be individually identified and valued. The Ashworth IP was the major asset and the value of the Ashworth IP and other assets and liabilities could represent the value of YGM Retail. Under the asset-based approach, the market value of each individual asset and liability was added together to derive the market value of YGM Retail.

Valuation of YGM Retail

Using the asset-based approach, the Valuer has appraised that, as at the Valuation Date, (i) the total assets of YGM Retail amounted to approximately HK\$34,699,000 (comprising the Ashworth IP as assessed by the Valuer using the cost approach of HK\$31,392,000 (as more particularly described below), cash and cash equivalents of HK\$3,117,000, and prepayments of HK\$190,000); and (ii) the total liabilities amounted to approximately HK\$36,281,000 (comprising the Sale Loan of approximately HK\$34,000,000; receipts in advance of HK\$2,022,000; and provision and accrued charges of HK\$259,000).

Valuation of the Ashworth IP

The cost approach was adopted by the Valuer in the valuation of the Ashworth IP. The Ashworth IP is an acquired asset that can be individually identified. The original acquisition cost of the Ashworth IP was adopted as the market value as at the Valuation Date as there was no further development cost or capital expenditure incurred directly and solely in developing the Ashworth IP since the original acquisition by YGM Retail in September 2019.

Other maintenance costs and expenses associated with using the Ashworth IP, which were recurring and on-going expenses instead of developing cost, were reflected as the profit or loss of YGM Retail. These expenses were not added to the original acquisition cost of the Ashworth IP in determining its market value.

The Valuer considered the market approach was not appropriate in valuing the Ashworth IP because given the characteristics of the Ashworth IP, there was a lack of similar and comparable assets in the market. The income approach was also not appropriate because a reasonable cash flow forecast in relation to the Ashworth IP could not be made.

Valuation of other assets and liabilities

As at the Valuation Date, other assets on the balance sheet were current assets that represented cash and cash equivalents and prepayment. They were liquid assets and in cash nature that can reasonably be converted into cash within one year. Other liabilities were current liabilities that represented the amount due to the Group, receipts in advance and provision and accrued charges that were cash nature and would be due within one year.

Therefore, the book values of other assets and liabilities as the Valuation Date were considered by the Valuer to have no material differences with their market values and accordingly, such book values were adopted as the market values in the valuation.

Based on the above, the Valuer assessed the net liabilities of YGM Retail at approximately HK\$1,582,000 and is of the opinion that the market value of 100% equity interest in YGM Retail as at 30 June 2025 was nominal.

View of the Directors

The Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) have reviewed the valuation methodologies, key assumptions and parameters adopted in the Valuation, and are satisfied that they are fair and reasonable.

Basis of the Consideration

The total Consideration of HK\$34,320,000 payable by the Purchaser as agreed in the SPA has been arrived at after arm's length negotiations among the Vendors, the Debt Vendor and the Purchaser with reference to (i) the Group's original acquisition cost of the Ashworth IP of approximately HK\$31,392,000; (ii) the financial position of YGM Retail; and (iii) the amount of the Sale Loan. The Company and the Vendors have also taken note of the appraised Valuation of the equity interest of YGM Retail by the Valuer as at the Valuation Date of nominal value using the asset-based approach. The total Consideration represents a premium of approximately HK\$1,902,000 over the balance of HK\$32,418,000 calculated with reference to the Sale Loan of HK\$34,000,000 after netting off the net liabilities of YGM Retail of approximately HK\$1,582,000 as at 30 June 2025.

The total Consideration of HK\$34,320,000 will be allocated as to (i) HK\$2,920,000 for the Sale Shares, which shall be distributed equally between YGM Limited and Yampa Investments Limited (i.e. HK\$1,460,000 each); and (ii) HK\$31,400,000 which shall be distributed to the Debt Vendor in respect of the Sale Loan on a dollar-for-dollar basis.

Having considered the factors in arriving at the Consideration, as described above, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial effects of the Disposal

Upon Completion, the Company will not hold any share in YGM Retail and it will cease to be a subsidiary of the Company.

Upon completion of the Disposal, the Group is expected to recognise an unaudited gain of approximately HK\$1,902,000, representing the difference between (i) the consideration for the Disposal of HK\$34,320,000; (ii) the unaudited net liabilities of YGM Retail as at 30 June 2025 of approximately HK\$1,582,000; and (iii) the amount of the Sale Loan as at 30 June 2025 of approximately HK\$34,000,000.

The aforesaid estimation is for illustrative purpose only and does not purport to represent the financial position of the Group after Completion. The actual financial effects of the Disposal will be determined with reference to the financial status of YGM Retail as at the Completion Date. The proceeds from the Disposal are currently intended to be used by the Group as general working capital.

Reasons for and benefits of the Disposal

YGM Retail had been the exclusive licensee of the Ashworth branded golf and sporting apparel and accessories since 1998 in Hong Kong, Macau, the PRC and Taiwan until September 2019 when it acquired the global intellectual property rights to the Ashworth brand for a consideration of approximately HK\$31,392,000. YGM Retail's principal business is the holding and licensing of the Ashworth IP. The wholesaling, retailing and manufacturing operations of the Group in respect of the Products have been carried out by other operating subsidiaries, with YGM Marketing operating the business in Hong Kong and Macau.

It had been the plan of the Group to develop the Ashworth licensing business overseas since it became the owner of the Ashworth IP. Despite the plan had been hindered by the global outbreak of the COVID-19 pandemic, in 2022, YGM Retail entered into licensing agreements with three licensees each operating in North America, Europe and South Korea territories.

In May 2024, the Company changed its strategy and discontinued its self-operated Ashworth retail operations in the PRC and, instead, granted to the Purchaser with effect from 1 June 2024 the (i) a non-exclusive right to use the Ashworth IP to (a) promote, market, advertise, package, distribute and sell Ashworth branded products in the PRC; and (ii) design the Ashworth branded products in any part of the world; and (b) manufacture and have manufactured Ashworth branded products in the PRC.

As mentioned in the section headed "Information of YGM Retail" above, royalties receivable from the Licensees involve a minimum royalty amount and extra royalties calculated with reference to the sales / purchases (as the case may be) amounts recorded. With the exception of one Licensee for 2023, only the minimum royalty amounts were paid by all the Licensees under their respective agreements due to weak global retail environment. Given the historical record, there is uncertainty on the performance of the Licensees for the remainder of the duration of the licensing agreements and the likelihood of renewal upon

expiry. In view of this and taking into account the small losses recorded by YGM Retail, the Directors believe the Disposal of the trademark now would be a timely decision to realise its investment in the Ashworth IP.

After the Disposal, the Group's traditional operation of garment manufacturing, wholesaling, retailing, sales and marketing, including the Ashworth brand, will be focused in Hong Kong and Macau. As for the Ashworth brand, it will be operated under a license to be granted by YGM Retail to YGM Marketing, a wholly-owned subsidiary of the Company, under the DML Agreement. Details of the DML Agreement are set out below in this announcement.

The cash proceeds from the Disposal will be used as working capital of the Group.

Having considered the above, the Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) are of the view that (i) the terms of the SPA are fair and reasonable; and (ii) despite that the transactions contemplated under the SPA, i.e. the Disposal, is not in the ordinary course of business of the Group, on balance, it is in the interests of the Company and its Shareholders as a whole.

C. POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS

Completion of the Disposal is conditional on the entering into of the DML Agreement between YGM Retail and YGM Marketing which shall take effect immediately upon Completion. Pursuant to the terms of the DML Agreement, YGM Retail shall grant to YGM Marketing (i) an exclusive right to market, distribute and sell the Products in Hong Kong and Macau, (ii) a non-exclusive right to manufacture the Products worldwide, and (iii) a non-exclusive license to use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau, for a term of three years commencing immediately after the Completion Date.

The DML Agreement

Date: To be entered into simultaneously with Completion on the Completion Date

The Licensor: YGM Retail

The Licensee: YGM Marketing, a wholly-owned subsidiary of the Company

Subject matter: Pursuant to the terms of the DML Agreement, YGM Retail shall grant to YGM Marketing:

- (i) an exclusive right to market, distribute, and sell the Products within Hong Kong and Macau, including but not limited to, wholesales, retail sales, online sales, sales to pure players (i.e. retailers only operating online), and franchising at YGM Marketing's own points of sales or shops-in-shops within Hong Kong and Macau;

A list of recommended wholesale and retail prices for the sale and distribution of the Products shall be provided and updated from time to time by YGM Retail to YGM Marketing for its reference;

- (ii) a non-exclusive right to manufacture the Products worldwide. YGM Retail shall make available to YGM Marketing the design

	<p>specifications for all of its Products, and any other information as may be reasonably requested by YGM Marketing to enable manufacturing of the Products; and</p> <p>(iii) a non-exclusive license to YGM Marketing to use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau.</p>
Products to be distributed or manufactured:	Any garments, apparel, and casual merchandise designed and manufactured in connection with the Ashworth IP.
Term and termination:	<p>The DML Agreement shall be effective on the Completion Date and continue for a term of three years (the “Initial Term”).</p> <p>Provided that YGM Marketing is not in default of breach of provisions under the DML Agreement and has achieved the Minimum Purchase Requirements (as defined below), YGM Marketing is entitled to renew the DML Agreement for a further term of three years from the expiry of the Initial Term.</p> <p>If the Minimum Purchase Requirements are not met, YGM Retail and YGM Marketing may initiate negotiations for a renewal of the DML Agreement no later than six (6) months before expiration of the DML Agreement, provided that the DML Agreement is still in force and that neither parties are in default, with an aim of finalizing such negotiations no later than three (3) months prior to the date of expiry.</p>
Minimum Purchase Requirements for renewal:	YGM Marketing shall, during each twelve-month period (the “ Yearly Period ”) during the Initial Term, make its best effort to achieve purchase of the Products in an amount that is not less than the minimum purchase requirement levels (i.e. HK\$10,000,000 per each Yearly Period) (the “ Minimum Purchase Requirements ”) in order to be entitled to an option to renew the DML Agreement for a further term of three (3) years from the expiry of the Initial Term.
Manufacturing:	During the Initial Term, YGM Marketing may manufacture the Products with reference to the design specifications provided by YGM Retail and sell these manufactured Products to its customers.
Pricing basis:	The prices for the Products to be purchased by YGM Marketing from YGM Retail will be determined on arm’s length basis with reference to the acquisition costs of the Products by YGM Retail plus a percentage of not more than 10% of such acquisition costs. Such cost-plus approach with a profit margin of not more than 10% is determined based on the historical transactions of the Group of approximately 10% for purchase and distribution of similar products in the past, which is in line with market norm or better.

Annual Caps

The annual caps for the purchase of Products from YGM Retail by YGM Marketing under the DML Agreement shall be HK\$9,000,000, HK\$25,000,000, HK\$25,000,000 and HK\$15,600,000 for each of (i) the period from the Completion Date to 31 March 2026; (ii) the year ending 31 March 2027; (iii) the year ending 31 March 2028; and (iv) the period from 1 April 2028 to the expiry of the Initial Term, respectively.

In determining the Annual Caps, the Directors have considered the following factors:

- (i) historical purchase amount of the Products by the Group from manufacturers during the three financial years ended 31 March 2025 which amounted to HK\$16,600,000, HK\$23,100,000 and HK\$15,200,000 respectively;
- (ii) purchase orders budgeted to be made for the period from the Completion Date up to 31 March 2026;
- (iii) estimated market demand for the Products for the year ending 31 March 2027 and 2028, and the period from 1 April 2028 up to the expiry of the Initial Term;
- (iv) estimated purchase amount for the Products to be purchased by YGM Marketing from YGM Retail for the year ending 31 March 2027 and 2028, and the period from 1 April 2028 up to the expiry of the Initial Term; and
- (v) the addition of buffer to allow flexibility for fluctuations in costs, change in specifications, increase in demand etc.

Information of YGM Marketing

YGM Marketing is a wholly owned subsidiary of the Company and is principally engaged in garment wholesaling and retailing.

Internal control measures

The Group will adopt internal control procedures and corporate governance measures in relation to the transactions contemplated under the DML Agreement in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favourable than the terms provided by any Independent Third Parties, so as to ensure that they serve the interests of the Company and its Shareholders as a whole. Such procedures and internal control measures mainly include:

- (i) the senior management of the Company shall be responsible for monitoring whether the terms of the DML Agreement as agreed are fair and reasonable and no less favourable than those offered by Independent Third Parties and that the Annual Caps therein are not exceeded, and in accordance with the DML Agreement and the pricing policies of the Company;
- (ii) the Company will supervise the transactions contemplated under the DML Agreement. Specifically, the relevant personnel of the Company will review and assess the details of the transactions to ensure compliance with the terms of the DML Agreement. The chief executive officer of the Company will be responsible for monitoring and approving the purchase amount of the Products as set out in the purchase orders while the financial controller of the Company will be responsible for verifying the accuracy of the invoice issued by YGM Retail in respect of the purchase amounts and overseeing payments;

- (iii) the auditors of the Company will conduct annual review in accordance with the requirements stipulated in Rule 14A.56 of the Listing Rules; and
- (iv) the independent non-executive Directors will conduct a review of the DML Agreement to ensure that the such transactions contemplated thereunder are (i) in the ordinary and usual course of the Group's business; (ii) conducted either on normal commercial terms, or where there is no available comparison, on terms that are fair and reasonable so far as the Independent Shareholders are concerned; (iii) in accordance with the terms of the DML Agreement; and (iv) in accordance with the pricing policies of the Group, where applicable.

The Directors (including the independent non-executive directors) believe that the above measures will ensure that the transactions contemplated under the DML Agreement will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Reasons for and benefits of entering into the DML Agreement

The DML Agreement provides the Group effectively with a 6-year royalty-free right to operate the Ashworth IP, together with other brands, for the local market. In the midst of the prevailing weak retail environment in Hong Kong, the Company considers that the arrangement for the DML Agreement will provide the greatest flexibility for the Group in its traditional business of manufacturing, wholesaling, retailing, sale and marketing of garments in Hong Kong and Macau.

The Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) are of the view that: (i) the transactions under the DML Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the proposed Annual Caps for the transactions under the DML Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

D. IMPLICATIONS UNDER THE LISTING RULES

The SPA

As one or more of the applicable percentage ratios in respect of the Disposal in aggregate exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, the Purchaser is owned as to 75% by Mr. Michael Chan and 25% by Mr. Jason Chan. As set out in the section headed "Information of the Purchaser" above, Mr. Michael Chan is a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to announcement, Independent Shareholders' approval and reporting requirements under the Listing Rules.

The DML Agreement

Upon Completion, YGM Retail will be wholly owned by the Purchaser and become a connected person of the Company. The transactions contemplated under the DML Agreement shall constitute continuing connected transactions of the Company under the Listing Rules. As such, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Independent Board Committee

An Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the terms of the SPA, the DML Agreement (together with the proposed Annual Caps), and the respective transactions contemplated thereunder. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Voting on board resolutions

Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, who are siblings of Mr. Michael Chan, and Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, who are cousins of Mr. Michael Chan, were regarded as potentially having a material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder, and accordingly abstained from voting on the board resolutions of the Company for considering and approving the entering into of the SPA, the DML Agreement and the respective transactions contemplated thereunder.

E. APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Crescendo Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the SPA, the DML Agreement (including the proposed Annual Caps) and the respective transactions contemplated thereunder.

F. EGM

At the EGM, ordinary resolutions, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder.

G. GENERAL

A circular containing, amongst other things, (i) further information on the Disposal and the DML Agreement; (ii) a letter from the Independent Board Committee in respect of the Disposal and the DML Agreement; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposal and the DML Agreement; (iv) the report in respect of the Valuation; and (v) a notice convening the EGM, will be sent to the Shareholders by the Company. The Company expects that the circular will be despatched on or before 13 October 2025 in order to allow sufficient time to prepare the necessary information for inclusion in the circular.

H. DEFINITIONS

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

“Annual Caps”	the annual caps of HK\$9,000,000, HK\$25,000,000, HK\$25,000,000 and HK\$15,600,000 for each of (i) the period from the Completion Date of the SPA, being the effective date of the DML Agreement, to 31 March 2026; (ii) the year ending 31 March 2027; (iii) the year ending 31 March 2028; and (iv) the period from 1 April 2028 to the expiry of the Initial Term of the DML Agreement, respectively
---------------	--

“Ashworth IP”	Ashworth-related registered or unregistered intellectual property rights owned by YGM Retail
“Board”	the board of directors of the Company
“Business Day(s)”	means a day on which The Hong Kong Shanghai Banking Corporation Limited in Hong Kong is generally open for business (other than a Saturday, Sunday, public holiday or a day on which typhoon signal No. 8 or above or the black rainstorm signal is hoisted in Hong Kong at any time between 9:30 a.m. to 5:00 p.m.)
“Company” or “Debt Vendor”	YGM Trading Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 375)
“Completion”	the completion of the Disposal
“Completion Date”	the fifth Business Day after the conditions precedent to the SPA have been fulfilled (or such other date as agreed by the parties to the SPA), but such date shall not extend beyond 31 December 2025
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	aggregate consideration of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Shares and the assignment of the Sale Loan
“DML Agreement”	the distribution and manufacturing license agreement to be entered into between YGM Retail and YGM Marketing which will take effect immediately upon Completion
“EGM”	an extraordinary general meeting (or an adjournment thereof) of the Company to be convened to consider and, if think fit, approve, among other things, the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the SPA and the DML Agreement (including the proposed Annual Caps)
“Independent Financial Adviser”	Crescendo Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

“Independent Shareholder(s)”	the Shareholder(s) who do not have material interest in the transactions contemplated under the SPA and the DML Agreement (including the proposed Annual Caps)
“Independent Third Party”	a third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mr. Jason Chan”	Mr. Chan Ka Shun, Jason
“Mr. Michael Chan”	Mr. Chan Wing Ming, Michael
“PRC”	the People’s Republic of China, which for the purposes of this announcement does not include Hong Kong, Macau or Taiwan
“Products”	any garments, apparel, and casual merchandise designed and manufactured in connection with the Ashworth IP
“Purchaser”	Citimark Trading Limited, a company incorporated in Hong Kong with limited liability
“Sale Loan”	the non-interest bearing loan repayable by YGM Retail to the Debt Vendor on demand, from time to time, which as at 31 August 2025 amounted to HK\$31,378,056 and will not exceed the amount of HK\$31,400,000 at Completion
“Sale Shares”	two (2) shares in YGM Retail, being the entire issued shares in YGM Retail
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the share purchase agreement dated 11 September 2025 entered into among the Vendors, the Debt Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation”	the independent valuation of 100% equity interest in YGM Retail as at the Valuation Date by the Valuer
“Valuation Date”	30 June 2025
“Valuer”	BMI Appraisals Limited, an independent professional valuation firm

“Vendors”	YGM Limited and Yampa Investments Limited, both companies incorporated in Hong Kong with limited liabilities and wholly-owned subsidiaries of the Company
“YGM Marketing”	YGM Marketing Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“YGM Retail”	YGM Retail 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
“%”	per cent

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.