
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, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in YGM Trading Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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;
(3) PROPOSED CAPITAL REDUCTION; AND
(4) NOTICE OF EGM**

Financial adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Crescendo Capital Limited

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the “Definitions” section of this circular.

A letter from the Board is set out on pages 4 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 20 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 41 of this circular.

The EGM will be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 4 November 2025 at 2:30 p.m.. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed in this circular and such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ygmtrading.com. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CONTENTS

	<i>PAGE</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	20
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX I – VALUATION REPORT.....	I-1
APPENDIX II – GENERAL INFORMATION.....	II-1
NOTICE OF EGM	EGM-1

DEFINITIONS

In this circular including the Appendices, 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
“Articles of Association”	the articles of association of the Company
“Ashworth IP”	Ashworth-related registered or unregistered intellectual property rights owned by YGM Retail
“associates”	has the meaning ascribed to it under the Listing Rules
“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.)
“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
“Chan Family”	Mr. Chan Wing Fui, Peter, Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Kee, Madam Chan Suk Ling, Shirley, Mr. Fu Sing Yam, William and their close associates
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) currently in force
“Company” or “Debt Vendor”	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: 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
“Court”	the Court of First Instance of the High Court of Hong Kong
“Director(s)”	the director(s) of the Company

DEFINITIONS

“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
“Effective Date”	the date on which the Capital Reduction becomes unconditional and effective
“EGM”	an extraordinary general meeting (or an adjournment thereof) of the Company to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 4 November 2025 at 2:30 p.m. to consider and, if think fit, approve, among other things, the SPA, the DML Agreement and the respective transactions contemplated thereunder (including the proposed Annual Caps), and the Capital Reduction
“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, the DML Agreement and the respective transactions contemplated thereunder (including the proposed Annual Caps)
“Independent Financial Adviser” or “Crescendo Capital”	Crescendo Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser engaged by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the SPA, the DML Agreement and the respective transactions contemplated thereunder (including the proposed Annual Caps)
“Independent Shareholders”	the Shareholders 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(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Latest Practicable Date”	3 October 2025, 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
“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 purpose of this circular, excludes Hong Kong, Macau and Taiwan

DEFINITIONS

“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
“Registrar”	the Registrar of Companies in Hong Kong
“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)”	the ordinary share(s) of the Company
“Shareholder(s)”	the 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 valuation of 100% equity interest in YGM Retail as at the Valuation Date by the Valuer
“Valuation Date”	30 June 2025
“Valuation Report”	the report on the Valuation prepared by the Valuer
“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 (長江拓展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“YGM Retail”	YGM Retail Limited (長江零售有限公司), 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

LETTER FROM THE BOARD

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

Executive Director:

Chan Wing Sun, Samuel (*Chairman*)
Chan Suk Ling, Shirley BBS JP (*Vice Chairman*)
Fu Sing Yam, William (*Chief Executive Officer*)
Chan Wing Fui, Peter MA
Chan Wing Kee GBM, GBS, OBE, JP

Registered Office:

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

Independent non-executive Directors:

Choi Ting Ki
So Stephen Hon Cheung
Li Guangming

13 October 2025

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARES
OF A SUBSIDIARY AND SALE LOAN;
(2) POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS;
(3) PROPOSED CAPITAL REDUCTION; AND
(4) NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 11 September 2025 in relation to, among others, (i) the entering into of the SPA, the DML Agreement and the transactions contemplated thereunder, and (ii) the Capital Reduction.

The purpose of this circular is to provide you with, among others, (i) further details of the SPA and the DML Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the SPA, and the DML Agreement and the transactions contemplated thereunder (including the proposed Annual Caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the SPA, the DML Agreement and the transactions contemplated thereunder (including the proposed Annual Caps); (iv) the Capital Reduction; (v) other information as required under the Listing Rules; and (vi) a notice of the EGM.

LETTER FROM THE BOARD

II. BACKGROUND

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 at a total Consideration of HK\$34,320,000.

Completion of the Disposal is conditional upon, among others, YGM Retail and YGM Marketing entering into the DML 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.

III. THE DISPOSAL

The SPA

The principal terms of the SPA are summarised below:

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: 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:

- (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

LETTER FROM THE BOARD

- (iii) 30% of the consideration shall be paid by the Purchaser on Completion Date.

Conditions precedent: 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.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

In the event that approval from the Independent Shareholders for the SPA, 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.

Completion: 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, the Debt Vendor and the Purchaser.

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 Latest Practicable Date, the Purchaser was 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.

LETTER FROM THE BOARD

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, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in Hong Kong and, as at the Latest Practicable Date, it was 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 Latest Practicable Date, YGM Retail did not hold any other intellectual property other than the Ashworth IP.

As at the Latest Practicable Date, 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

LETTER FROM THE BOARD

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
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 to 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.

The 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.

Based on the Valuation Report, 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. For details of the Valuation, please refer to the Valuation Report in Appendix I to this circular.

LETTER FROM THE BOARD

View of the Directors

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice from 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 was determined 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\$4,502,000 over the balance of HK\$29,818,000 calculated with reference to the maximum amount of the Sale Loan as at Completion of HK\$31,400,000 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, the Group is expected to recognise an unaudited gain of approximately HK\$4,502,000, 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 maximum amount of the Sale Loan as at Completion of HK\$31,400,000.

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.

LETTER FROM THE BOARD

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) an exclusive right to use the Ashworth IP to promote, market, advertise, package, distribute and sell Ashworth branded products in the PRC; and (ii) a non-exclusive right to use the Ashworth IP to (a) 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 circular.

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

Having considered the above, the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice from 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.

LETTER FROM THE BOARD

IV. POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS

The DML Agreement

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 principal terms of the DML Agreement are summarised below:

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:	<p>Pursuant to the terms of the DML Agreement, YGM Retail shall grant to YGM Marketing:</p> <ul style="list-style-type: none">(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;<p>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;</p>(ii) a non-exclusive right to manufacture the Products worldwide. YGM Retail shall make available to YGM Marketing the design 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(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.
Products to be distributed or manufactured:	Any garments, apparel, and casual merchandise designed and manufactured in connection with the Ashworth IP.

LETTER FROM THE BOARD

Term and termination: The DML Agreement shall be effective on the Completion Date and continue for a term of three (3) years (the “**Initial Term**”).

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.

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.

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;

LETTER FROM THE BOARD

- (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 years 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 years 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 a 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.

LETTER FROM THE BOARD

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 royalty-free right to operate the Ashworth IP, together with other brands, for the local market for an initial term of three years, renewable for another three years subject to fulfilment of certain conditions (see the paragraph headed “The DML Agreement – Term and termination” above). 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 (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice from 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 interests of the Company and the Shareholders as a whole.

V. 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 Latest Practicable Date 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.

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;

LETTER FROM THE BOARD

- (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 Latest Practicable Date, none of the above conditions had 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 Latest Practicable Date, 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 Latest Practicable Date 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 alone 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.

LETTER FROM THE BOARD

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

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.

VI. 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.

LETTER FROM THE BOARD

To the best of the Directors' knowledge after making all reasonable enquiries, as at the Latest Practicable Date, the Purchaser was 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.

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 have 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. Save as disclosed above, no other Director has any material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder.

VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the SPA, the DML Agreement (including the proposed Annual Caps), and the respective transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Crescendo Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

VIII. THE EGM

The EGM, will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, (i) ordinary resolutions in respect of the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder, and (ii) a special resolution in respect of the Capital Reduction.

The notice of the EGM to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 4 November 2025 at 2:30 p.m., is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed herewith and such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ygmtrading.com. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 75 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the poll results in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Disposal and the DML Agreement

As at the Latest Practicable Date, the Chan Family and their associates were together interested in 98,175,506 Shares, representing approximately 59.19% of the total issued Shares and are regarded as having a material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder. The Chan Family and their associates will accordingly abstain from voting on the ordinary resolutions of the Company at the EGM for considering and approving the entering into of the SPA, the DML Agreement and the respective transactions contemplated thereunder. For details of their shareholdings, please refer to the section headed "DISCLOSURE OF INTERESTS" in Appendix II to this circular. Save for the above, no other Shareholders have a material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder and therefore no other Shareholders will be required to abstain from voting on the ordinary resolutions in respect of the SPA, the DML Agreement and the respective transactions contemplated thereunder at the EGM.

The Capital Reduction

As no Shareholders have a material interest in the Capital Reduction, no Shareholders will be required to abstain from voting on the special resolution to approve the Capital Reduction at the EGM.

IX. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement of the Shareholders to attend and vote at the forthcoming EGM, the register of members of the Company will be closed from Thursday, 30 October 2025 to Tuesday, 4 November 2025 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 28 October 2025.

LETTER FROM THE BOARD

X. RECOMMENDATIONS

The Disposal and the DML Agreement

Taking into account of the further details of the SPA and the DML Agreement, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice from the Independent Financial Adviser) is of the view that the transactions contemplated under each of the SPA and the DML Agreement (together with the proposed Annual Caps) and the terms of and the respective transactions contemplated thereunder are, in the ordinary course of business of the Group, on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder.

The Capital Reduction

For the reasons set out in the section headed “Reasons for the Capital Reduction”, the Directors consider that the Capital Reduction is in the best interests of the Group and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the special resolution to be proposed at the EGM. 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.

XI. FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 20 of this circular which contains its recommendation to the Independent Shareholders in respect of the SPA, the DML Agreement (including the proposed Annual Caps) and the respective transaction contemplated thereunder; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 41 of this circular in the same regard.

Your attention is also drawn to the appendices to this circular, which contain further information about the Group and other information as required pursuant to the Listing Rules.

Yours faithfully,
By order of the Board
YGM Trading Limited
Chan Wing Sun, Samuel
Chairman

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

13 October 2025

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 13 October 2025 (the “**Circular**”) issued by the Company of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder, as set out in the Circular, are fair and reasonable and to recommend whether or not the Independent Shareholders should approve the terms of and the entering into of the SPA and the DML Agreement (together with the proposed Annual Caps). Crescendo Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 19 of this Circular and the text of a letter from the Independent Financial Adviser, as set out on pages 21 to 41 of this Circular, both of which provide details of the transactions contemplated under the SPA and the DML Agreement (together with the proposed Annual Caps). Your attention is also drawn to the additional information set out in the appendices to the Circular.

Having considered the terms of the SPA and the DML Agreement, the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the terms of and the entering into of the SPA and the DML Agreement, and the respective transactions contemplated under the SPA and the DML Agreement (including the proposed Annual Caps), are entered into in the ordinary and usual course of business of the Group, and are on normal commercial terms, and are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions for approving the terms of and the transactions contemplated under each of the SPA and the DML Agreement (together with the proposed Annual Caps) to be proposed at the EGM.

Yours faithfully,

The Independent Board Committee

Choi Ting Ki
*Independent non-executive
Director*

So Stephen Hon Cheung
*Independent non-executive
Director*

Li Guangming
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Crescendo Capital Limited to the Independent Board Committee and the Independent Shareholders regarding its advice on the Disposal and the DML Agreement and transactions contemplated thereunder prepared for the purpose of inclusion into this circular.



1105 Tai Tung Building
8 Fleming Road
Wanchai, Hong Kong

13 October 2025

YGM Trading Limited
22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARES OF A SUBSIDIARY
AND SALE LOAN
AND
POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Disposal and the DML Agreement and transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular of the Company dated 13 October 2025 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 11 September 2025 (after trading hours of the Stock Exchange), the Vendors, the Debt Vendor and the Purchaser entered into the SPA, pursuant to which (i) the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire issued shares of YGM Retail; 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, being the non-interest bearing loan repayable to the Debt Vendor from time to time on demand by YGM Retail, which as at 31 August 2025 amounted to approximately HK\$31.38 million and not exceeding HK\$31.40 million at Completion. The total Consideration payable by the Purchaser to the Vendors and the Debt Vendor for the Disposal is HK\$34.32 million, which shall be settled in cash by way of cheque.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Latest Practicable Date, the Purchaser was 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. Accordingly, the Purchaser is a connected person of the Company. 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.

Completion is conditional upon, among others, YGM Retail and YGM Marketing entering into the DML 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 in Hong Kong and Macau for a term of three years, commencing immediately after the Completion Date (the **"Continuing Connected Transactions"**).

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

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, ordinary resolutions in respect of the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder. As at the Latest Practicable Date, the Chan Family and their associates were interested in 98,175,506 Shares, representing approximately 59.19% of the total issued Shares and are regarded as having a material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder. The Chan Family and their associates will accordingly abstain from voting on the ordinary resolutions of the Company at the EGM for considering and approving the Disposal and the Continuing Connected Transactions. Save for disclosed above, no other Shareholders have a material interest in the SPA, the DML Agreement and the respective transactions contemplated thereunder and therefore no other Shareholders will be required to abstain from voting on the ordinary resolutions in respect of the SPA, the DML Agreement and the respective transactions contemplated thereunder at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming, has been established by the Company to advise the Independent Shareholders in respect of the SPA, the DML Agreement (together with the proposed Annual Caps) and the respective transactions contemplated thereunder. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the Disposal and the Continuing Connected Transactions are conducted in the Group's ordinary and usual course of business, the terms of the SPA and the DML Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Group and its associates and do not have any shareholding directly or indirectly in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment, we have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates. We are not aware of any relationship or interest between our firm and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders and we are independent of the Company pursuant to the requirements under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the SPA and the DML Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in the market and economic conditions) may affect and/or change this opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. THE DISPOSAL

In arriving at our opinion regarding the Disposal, we have considered the following principal factors and reasons:

A.1 Information on the Group

The Company is a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange. The Company is principally engaged in investment holding and provision of management services while its subsidiaries are principally engaged in garment wholesaling and retailing, trademark ownership and licensing, property investment and provision of security printing, general business printing and trading of printing products.

The audited consolidated financial information of the Group for the two years ended 31 March 2024 and 2025 as extracted from the annual report of the Company for the year ended 31 March 2025 is summarised as follows:

	For the year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
– Sales of garments	119,017	182,623
– Licensing of trademarks	21,739	19,861
– Printing and related services	27,462	27,084
– Property rental	9,634	8,867
	<u>177,852</u>	<u>238,435</u>
Gross profit	117,464	166,962
Gain/(Loss) from operations	441	(2,309)
Loss before taxation	(24,361)	(6,031)
Loss for the year attributable to the Shareholders	<u>(23,650)</u>	<u>(5,121)</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 March 2025 HK\$'000
Non-current assets	343,627
Current assets	162,149
	<hr/>
Total assets	505,776
Non-current liabilities	24,289
Current liabilities	62,990
	<hr/>
Total liabilities	87,279
Net current assets	99,159
Net assets	418,497
Equity attributable to the Shareholders	413,157
	<hr/> <hr/>

For the year ended 31 March 2025, the Group's revenue decreased by approximately 25.4% from approximately HK\$238.43 million for the year ended 31 March 2024 to approximately HK\$177.85 million, of which approximately 66.9% (2024: 76.6%) was derived from sales of garments, approximately 12.2% (2024: 8.3%) was derived from licensing of trademarks, approximately 15.4% (2024: 11.4%) was derived from printing and related services while the remaining 5.5% (2024: 3.7%) was derived from property rental. The decrease in revenue was mainly attributable to the slowdown of consumer market and economy in Hong Kong, which negatively impacted the sales of garments business of the Group. The gross profit of the Group also dropped by approximately 29.6% from approximately HK\$166.96 million for the year ended 31 March 2024 to approximately HK\$117.46 million for the year ended 31 March 2025.

With the implementation of cost-cutting measures, the distribution costs and administrative and other operating expenses effectively reduced by an aggregate amount of approximately HK\$46.52 million, resulting in a gain from operations of approximately HK\$0.44 million for the year ended 31 March 2025 as opposed to a loss from operations of approximately HK\$2.31 million for the year ended 31 March 2024. However, due to the downturn in the United Kingdom's property market and decline in the global consumer market, valuation losses on investment properties of approximately HK\$17.45 million and impairment losses on intangible assets of approximately HK\$5.00 million were recognised for the year ended 31 March 2025 and the loss before taxation of the Group substantially increased from approximately HK\$6.03 million for the year ended 31 March 2024 to approximately HK\$24.36 million for the year ended 31 March 2025. The loss attributable to the Shareholders for the year ended 31 March 2025 increased by approximately HK\$18.53 million, from approximately HK\$5.12 million for the year ended 31 March 2024 to approximately HK\$23.65 million for the year ended 31 March 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2025, the Group's current assets and current liabilities amounted to approximately HK\$162.15 million and HK\$62.99 million, respectively, and therefore a net current asset of approximately HK\$99.16 million was recorded. The current ratio, as expressed as current assets over current liabilities, was 2.57 times as at 31 March 2025. The current assets mainly comprised trading securities of approximately HK\$7.96 million, inventories of approximately HK\$31.82 million, trade and other receivables of approximately HK\$28.38 million and cash and cash equivalents of approximately HK\$93.67 million. The Group's current liabilities mainly comprised trade and other payables of approximately HK\$37.81 million, contract liabilities of approximately HK\$3.70 million and lease liabilities of approximately HK\$21.42 million.

The non-current assets of the Group amounted to approximately HK\$343.63 million as at 31 March 2025, which mainly included investment properties of approximately HK\$175.23 million, other property, plant and equipment of approximately HK\$38.55 million, intangible assets of approximately HK\$128.44 million and rental deposits of approximately HK\$1.39 million. The Group's non-current liabilities amounted to approximately HK\$24.29 million as at 31 March 2025, which mainly consisted of lease liabilities of approximately HK\$23.31 million.

As at 31 March 2025, the Group had net assets of approximately HK\$418.50 million while the equity attributable to the Shareholders was approximately HK\$413.16 million. The gearing ratio, as expressed as total liabilities over total assets, was approximately 17.3% as at 31 March 2025.

A.2 Information on YGM Retail

YGM Retail, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, YGM Retail was held as to 50% by YGM Limited and 50% by Yampa Investments Limited, both of which are wholly-owned subsidiaries of the Company and are principally engaged in investment holding.

A.2.1 Principal business

YGM Retail is principally engaged in the ownership and licensing of intellectual property. 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 Latest Practicable Date, YGM Retail did not hold any other intellectual property other than the Ashworth IP.

As at the Latest Practicable Date, YGM Retail had entered into intellectual property license agreements (the "**Trademark License Agreements**") with four parties. This includes a license agreement executed with the Purchaser in 2024 and three separate agreements with independent third-party licensees located in the United States of America ("**USA**"), the United Kingdom ("**UK**") and the Republic of Korea ("**South Korea**"), each finalised in 2022 (collectively, the "**Licensees**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Trademark License Agreements, YGM Retail has granted each Licensee an exclusive right to utilize the Ashworth IP within their respective stipulated territory(ies). In return, the Licensees pay YGM Retail royalty fees based on the sales/purchase (as the case may be) amounts made by the Licensees. Each Trademark License Agreement stipulates a non-refundable minimum annual royalty payment. 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 Agreements. The initial terms of these agreements are for a fixed duration. For certain Licensees, renewal options are contingent upon the achievement of minimum sales/purchase targets as stipulated in their respective agreements.

A.2.2 Financial information

Set out below is the summary of the financial results of YGM Retail for the two years ended 31 March 2024 and 2025 and the financial position of YGM Retail as at 30 June 2025, prepared according to the Hong Kong Financial Reporting Standards.

	For the year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Revenue	4,455	1,831
(Loss)/Profit before taxation	(222)	2
(Loss)/Profit for the year attributable to owners of YGM Retail	<u>(222)</u>	<u>2</u>
		As at
		30 June 2025
		<i>HK\$'000</i>
		<i>(unaudited)</i>
Non-current assets		31,392
Current assets		<u>3,307</u>
Total assets		34,699
Current liabilities		<u>(36,281)</u>
Total liabilities		(36,281)
Net current liabilities		(32,974)
Net liabilities		(1,582)
Deficit attributable to owners of YGM Retail		<u><u>(1,582)</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the two years ended 31 March 2025, YGM Retail's revenue was derived solely from royalty fees received from its Licensees. The revenue of YGM Retail increased significantly from approximately HK\$1.83 million for the year ended 31 March 2024 to approximately HK\$4.46 million for the year ended 31 March 2025. This growth was mainly attributable to the elevated minimum royalty commitments from the Licensees in the USA, UK and South Korea, as stipulated in their respective Trademark License Agreements, and the commencement of the licensing arrangement with the Purchaser in June 2024.

We understand from the management of the Company that the actual royalty fees calculated on sales/purchases for the Licensees fell short of their contracted minimum royalty thresholds in both 2024 and 2025. Consequently, YGM Retail's revenue for these periods consisted solely of the guaranteed minimum royalty payments. Despite the increase in revenue for the year ended 31 March 2025, YGM Retail recorded a net loss of approximately HK\$0.22 million for the year ended 31 March 2025, as compared to a breakeven position for the year ended 31 March 2024, since additional marketing and advertising expenses were incurred for promotional initiatives, including an Ashworth fashion show held at the Hong Kong Convention and Exhibition Centre in September 2024.

As at 30 June 2025, YGM Retail had current assets and current liabilities amounted to approximately HK\$3.31 million and HK\$36.28 million, respectively, resulting in a net current liability of approximately HK\$32.97 million. The current ratio, as expressed as current assets over current liabilities, was 0.09 times as at 30 June 2025. The current assets comprised prepayments and cash and cash equivalents of approximately HK\$0.19 million and HK\$3.12 million, respectively. YGM Retail's current liabilities comprised provision and accrued charges of approximately HK\$0.26 million, receipts in advance of approximately HK\$2.02 million and the Sale Loan of approximately HK\$34.00 million.

Non-current assets of YGM Retail, which consist entirely of the Ashworth IP, were valued at approximately HK\$31.39 million as at 30 June 2025. Consequently, YGM Retail reported net liabilities of approximately HK\$1.58 million and a gearing ratio, as expressed as total liabilities over total assets, of approximately 1.05% as at 30 June 2025.

A.3 Background and reasons for the Disposal and use of proceeds

The Group is principally engaged in garment wholesaling and retailing, trademark ownership and licensing, property investment and provision of security printing, general business printing and trading of printing products. Upon Completion, YGM Retail will cease to be a subsidiary of the Company and the Group will continue to engage in its existing businesses.

YGM Retail has been the exclusive licensee for 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\$31.39 million. Subsequently, YGM Retail's principal business shifted to the ownership 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, primarily YGM Marketing in Hong Kong and Macau.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following the acquisition of the Ashworth IP, the Group formulated a strategy to develop the brand's licensing business in overseas markets. However, the global outbreak of the COVID-19 pandemic impeded the plan. In 2022, YGM Retail entered into the Trademark License Agreements with three independent Licensees for the territories of North America, Europe and South Korea. In a strategic shift in May 2024, the Company discontinued its self-operated Ashworth retail operations in the PRC. Concurrently, the Group granted the Purchaser with effect from 1 June 2024, (i) an exclusive right to use the Ashworth IP to promote, market, advertise, package, distribute and sell Ashworth branded products in the PRC; and (ii) a non-exclusive right to use the Ashworth IP to (a) design the Ashworth branded products in any part of the world; and (b) manufacture and have manufactured Ashworth branded products in the PRC.

The royalty structure under these Trademark License Agreements includes a minimum royalty, with additional royalties payable based on the Licensees' sales/purchases (as the case may be) amounts. However, largely due to the challenging global retail environment, all Licensees, save for one in 2023, have only met their minimum royalty obligations, with no excess royalties generated.

In light of this historical performance, the Directors are of the view that the future performance of the Licensees for the remaining terms of the Trademark License Agreements, and the likelihood of renewals upon expiry, to be uncertain. Furthermore, given that YGM Retail recorded a net loss for the year ended 31 March 2025, the Directors believe the Disposal represents a timely opportunity to realize the Group's investment in the Ashworth IP.

After the Completion, 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.

The gross proceeds from the Disposal amounted to HK\$34.32 million. The Group currently intends to apply the cash proceeds from the Disposal as general working capital of the Group.

Having considered that (i) YGM Retail was loss-making for the year ended 31 March 2025 and had net liabilities as at 30 June 2025; (ii) the Licensees consistently under-performed and have largely only met minimum royalty payments and it is uncertain as to the future performance of the Licensees and the renewal of the Trademark License Agreements upon expiry; (iii) the Disposal allows the Group to realize its investment in the Ashworth IP at a fair price and provides additional general working capital to the Group to facilitate its daily operations; and (iv) the Disposal have positive financial effects in respect of earnings, financial position, cash flow, gearing and working capital of the Group, details of which are set out in the section headed "A.5 Financial effects of the Disposal", we concur with the view of the Directors that the Disposal, although not conducted in the ordinary course of the Group's business, is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A.4 Principal terms of the SPA

Pursuant to the SPA, (i) the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, being the entire issued shares of YGM Retail; 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, being the non-interest bearing loan repayable by YGM Retail to the Debt Vendor at Completion, at a total consideration of HK\$34.32 million, which shall be settled in cash by way of cheque in three instalments as follows:

- (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.

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

The total Consideration was arrived at 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\$31.39 million; (ii) the net liability position of YGM Retail, which was approximately HK\$1.58 million as at 30 June 2025; and (iii) the outstanding principal amount of the Sale Loan, which was approximately HK\$31.38 million as at 31 August 2025 and was not to exceed HK\$31.40 million at Completion. The Company and the Vendors have also noted the Valuer's appraisal, which determined the equity interest of YGM Retail to be of nominal value as at the Valuation Date, based on an asset-based valuation approach.

The total Consideration of HK\$34.32 million represents a premium of approximately HK\$4.50 million over a base value of approximately HK\$29.82 million, which was derived by adjusting the maximum amount of the Sale Loan of HK\$31.40 million as at Completion for YGM Retail's net liabilities of approximately HK\$1.58 million as at 30 June 2025.

The total Consideration of HK\$34.32 million will be allocated as to (i) HK\$2.92 million for the Sale Shares, which shall be distributed equally between YGM Limited and Yampa Investments Limited (i.e. HK\$1.46 million each); and (ii) HK\$31.40 million for the Sale Loan on a dollar-for-dollar basis, which shall be distributed to the Debt Vendor.

A.4.1 Consideration allocated to the Sale Shares

To assess the fairness and reasonableness of the Consideration allocated to the Sale Shares, we have considered the following factors:

The Valuation

According to the Valuation Report prepared by the independent Valuer as set out in Appendix I to the Circular, the market value of YGM Retail was nominal as at the Valuation Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have performed works as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the Valuation, which included a discussion with the Valuer as to its qualification and experiences in valuing companies similar to YGM Retail and its relationship with the Group and other parties to the SPA, and review of the terms of the Valuer's engagement for the assessment of the Valuation, in particular to its scope of work.

We understand that Dr. Tony C. H. Cheng, the managing director of the Valuer and the signor of the Valuation Report, is a fellow member of Royal Statistical Society, the Society of Operations Engineers and the Institution of Plant Engineers, and a member of the Hong Kong Institution of Engineers and the American Society of Mechanical Engineers. He is also a fellow member of Association of International Accountants, the Institute of Public Accountants, and the Institute of Financial Accountants, a fellow member and committee member of the Certified Management Accountants Australia. He has extensive experience in valuing similar assets in different industries in the Asia-Pacific region. As such, we are of the view that the signor of the Valuation Report is qualified, experienced and competent in performing the Valuation and forming a reliable opinion in respect of the Valuation. We noted from the engagement letter entered into between the Company and the Valuer that the scope of work was appropriate for forming the required opinion, with no limitations on the scope of work that would adversely affect the assurance provided in the Valuation Report. The Valuer confirmed us that apart from normal professional fees payable in connection with its engagement for the Valuation, no arrangements exist whereby the Valuer will receive any fee or benefit from the Group and its associates. We have obtained confirmation from the Valuer that it is an Independent Third Party, with no connections to the Company, its connected persons or other parties to the SPA.

We have reviewed the Valuation Report in respect of the Valuation prepared by the Valuer and discussed with the Valuer the methodology and assumptions adopted in arriving at the Valuation as at the Valuation Date. We understand from the Valuer that the Valuation Report was prepared in compliance with the International Valuation Standards issued by the International Valuation Standards Council.

We were informed by the Valuer that it has considered various generally accepted valuation approaches, namely (i) the market approach; (ii) the income approach; (iii) the cost approach; and (iv) the asset-based approach, in the course of the Valuation. The selection of a valuation approach is based on, among other, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise. We noted that the asset-based valuation approach was adopted by the Valuer for assessing the value of YGM Retail.

The asset-based approach provides an indication of value based on the principle that an entity's value is represented by the sum of the market values of its individual asset minus its liabilities. The Valuer determined that the asset-based approach was most suitable for valuing YGM Retail as each component of YGM's balance sheet, including its working capital, tangible assets and its major intangible asset, the Ashworth IP, could be reliably identified and valued on an individual basis. Consequently, the value of YGM Retail was derived by aggregating the market values of all its assets and subtracting the value of its liabilities.

The Valuer advised that the market, income and cost valuation approaches were deemed inappropriate for valuing YGM Retail due to their respective limitations. The market approach derives 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. The method relies on the availability of comparable market transactions

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

or publicly-traded industry benchmarks. Given that YGM Retail's primary income is derived from trademark licensing royalties, there were no sufficiently similar companies or transactions available as of the Valuation Date to establish a reliable benchmark value. Consequently, the Valuer concluded that the market approach was not feasible.

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. The discounted cash flow method is the most fundamental and prominent method of the income approach. This method would have been heavily dependent on the management's forecasts of future royalty income from the existing Licensees. Several significant uncertainties, such as uncertain licensee performance, agreement renewal risk as well as lack of growth plans, rendered such forecasts unreliable. Due to the inability to establish a reasonable and reliable cash flow forecast, the Valuer considered that the income approach was inappropriate for valuing the equity interest of YGM Retail.

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 Valuation Date. Moreover, the replication cost or replacement cost of YGM Retail, which is a company rather than an asset, could not be reliably quantified or estimated. Accordingly, the cost approach was considered by the Valuer inappropriate for the Valuation.

Valuation of the Ashworth IP

The Valuer valued the Ashworth IP using the cost approach. This method was selected as the intellectual property is a distinct, identifiable asset that was acquired in a historical transaction. The original acquisition cost from September 2019 was deemed to represent its market value as of the Valuation Date. This conclusion was based on the fact that no subsequent development costs or capital expenditures were incurred that directly and solely enhanced the value of the Ashworth IP following its acquisition. While ongoing maintenance and usage expenses were incurred, these were treated as recurring operational costs reflected in YGM Retail's profit or loss statement and were not capitalized into the asset's carrying value.

The market approach was deemed inappropriate due to a lack of sufficiently similar and comparable intellectual property assets in the market. Furthermore, the income approach was also considered unfeasible. As detailed previously, the significant uncertainties surrounding future royalty income, stemming from the reliance on existing licensing agreements and their uncertain renewal prospects, precluded the formulation of a reliable cash flow forecast necessary for this valuation method.

Valuations of the other assets and liabilities

As at the Valuation Date, other assets on the balance sheet were current assets consisting of prepayments and cash and cash equivalents. They were liquid assets and in cash nature that can reasonably be converted into cash within one year. Other liabilities were current liabilities that comprised provision and accrued charges, receipts in advance and the Sale Loan that were cash-based and would be due for settlement within one year. Therefore, the book values of these assets and liabilities as at the Valuation Date were considered to reflect their fair market values with no material differences and these carrying amounts were adopted directly in the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Valuation of YGM Retail

The Valuer assessed the net liabilities of YGM Retail to be approximately HK\$1.58 million as at the Valuation Date. The market values of the individual balance sheet items are set out as follows:

	Approximately HK\$'000
Ashworth IP	31,392
Prepayment	190
Cash and cash equivalents	<u>3,117</u>
Total assets	34,699
Provision and accrued charges	(259)
Receipts in advance	(2,022)
Amount due to the Group (i.e. the Sale Loan)	<u>(34,000)</u>
Total liabilities	<u>(36,281)</u>
Net liabilities	<u><u>(1,582)</u></u>

Based on the above, the Valuer concluded that the market value of 100% equity interest in YGM Retail as at the Valuation Date was nominal.

Given the methodologies applied by the Valuer are the generally accepted procedures and practices of professional surveyors and comply with the valuation standards published by the relevant professional body, we consider that the methodologies adopted by the Valuer for determining the market value of YGM Retail (including the Ashworth AP and other assets and liabilities of YGM Retail) are appropriate. Furthermore, our review did not identify any unusual matters that would suggest the Valuation was not prepared on a reasonable basis. Therefore, we believe that the Valuation fairly represents the market value of YGM Retail and provides a fair and reasonable foundation for our assessment of the Consideration allocated to the Sale Shares.

The consideration of HK\$2.92 million allocated to the Sale Shares implies a premium of approximately HK\$4.50 million over the net liabilities of YGM Retail of approximately HK\$1.58 million as at 30 June 2025.

Other valuation alternatives

We have tried to assess the value of YGM Retail by various commonly adopted comparison approaches for the evaluation of a company, namely the net assets approach, price-to-earnings approach and dividends approach. However, given that (i) YGM Retail had net liabilities as at 30 June 2025; (ii) no profits were recorded by YGM Retail for the year ended 31 March 2025; and (iii) no dividends were declared by YGM Retail for the year ended 31 March 2025, we are of the view that the net assets approach, the price-to-earnings approach and the dividends approach were not applicable for assessing the value of YGM Retail.

We have also considered assessing the value of YGM Retail by discounted cash flows method. However, given a valuation using discounted cash flows method involves various subjective assumptions and parameters which may largely affect the value of the subject, we consider that it is inappropriate to use the income approach to assess the value of YGM Retail.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that the Consideration allocated to the Sale Shares represents a premium over the market value of YGM Retail of nominal value as at the Valuation Date appraised by the independent Valuer, we consider that the Consideration allocated to the Sale Shares is beneficial to the Company and its Shareholders.

A.4.2 Consideration allocated to the Sale Loan

As at 30 June 2025, cash and cash equivalents and the Sale Loan of YGM Retail amounted to approximately HK\$3.12 million and HK\$34.00 million respectively. Given the financial position of YGM Retail, the Directors considered that the possibility of recovering the full amount of the Sale Loan from YGM Retail within a short period of time is remote. Having considered that the Sale Loan is an interest-free loan without any option right and the fair value of it should be fairly reflected by its face value, we concur with the view of the Directors that the consideration allocated to the Sale Loan of HK\$31.40 million, which is equal to the maximum face value of the Sale Loan at Completion, is fair and reasonable.

Having considered that (i) the consideration allocated to the Sale Share represents a premium over the market value of YGM Retail as at the Valuation Date appraised by the independent Valuer; (ii) the Sale Loan was valued on a dollar-for-dollar basis; and (iii) the Consideration will be settled fully in cash and such additional cash inflow to the Group can further enhance the working capital of the Group, we consider that the terms of the SPA, including the Consideration, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

A.5 Financial effects of the Disposal

Upon Completion, the Company will not hold any share in YGM Retail, which will cease to be a subsidiary of the Company thereafter. Accordingly, its results, assets and liabilities will no longer be consolidated into the financial statements of the Group. The financial effects of the Disposal on the Group's earnings, cash flow, net asset value, gearing and working capital are set out below.

It should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon 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.

Earnings

Upon Completion, the Group is expected to recognize an unaudited gain of approximately HK\$4.50 million, representing the difference between (i) the Consideration of HK\$34.32 million; (ii) the unaudited net liabilities of YGM Retail as at 30 June 2025 of approximately HK\$1.58 million; and (iii) the maximum amount of the Sale Loan as at Completion of HK\$31.40 million.

Cashflow

As disclosed in the letter from the Board, the gross proceeds from the Disposal is HK\$34.32 million. Therefore, the Group shall have a cash inflow of HK\$34.32 million from the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net asset value

Given a gain on disposal is expected to be recorded in the Group for the Disposal, the net asset value of the Group attributable to equity holders of the Company is expected to increase upon Completion.

Gearing and working capital

The extent of decrease in total liabilities will be larger than the extent of decrease in total assets as a result of the Disposal. Therefore, the gearing of the Group, as expressed as the ratio of total liabilities over total assets, shall decrease upon Completion. Furthermore, as the Group intends to use the cash proceeds from the Disposal as general working capital of the Group, the working capital of the Group would be enhanced upon Completion.

Based on the above analysis, we noted that the Disposal would have positive effects on the Group's earnings, cash position, net asset value of the Group attributable to equity holders of the Company, gearing and working capital.

B. THE CONTINUING CONNECTED TRANSACTIONS

In arriving at our opinion regarding the Continuing Connected Transactions, we have considered the following principal factors and reasons:

B.1 Reasons for the Continuing Connected Transactions

As detailed in the letter from the Board, the Group's wholesaling, retailing and manufacturing operations for the Products in Hong Kong and Macau have been conducted by YGM Marketing since 2019, following YGM Retail's acquisition of the Ashworth IP. Upon Completion, YGM Retail will cease to be a subsidiary of the Company. To ensure the uninterrupted continuation of these business operations in Hong Kong and Macau under YGM Marketing, the parties to the DML Agreement agreed to enter into the DML Agreement concurrently with the Completion.

The Directors consider that entering into the DML Agreement is essential as it grants the Group a royalty-free right to continue utilizing the Ashworth IP for its operations in the Hong Kong and Macau markets. This arrangement provides the Group with the greatest flexibility in its traditional business of garment manufacturing, wholesaling, retailing, sales and marketing in Hong Kong and Macau.

Having considered that (i) the sales of garments, including the Products, is one of the Group's principal businesses; and (ii) YGM Marketing has been selling the Products in Hong Kong and Macau since 2019 following YGM Retail's acquisition of the Ashworth IP, and the DML Agreement ensures the continuity of this business following the Disposal, we concur with the view of the Directors that the Continuing Connected Transactions are commercial transactions conducted in the ordinary and usual course of business of the Group and it is in the interests of the Company and the Shareholders as a whole.

B.2 Principal terms of the DML Agreement

The DML Agreement shall be entered into between YGM Retail (as the licensor) and YGM Marketing, a wholly-owned subsidiary of the Company (as the licensee), concurrently with the Completion on the Completion Date. The initial term of the agreement shall be three years (the "**Initial Term**"). Pursuant to the terms of the DML Agreement, YGM Retail shall grant YGM Marketing (i) an

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

exclusive right to market, distribute, and sell the Products in 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 through YGM Marketing's own points of sales or shops-in-shops within these territories. YGM Retail will provide YGM Marketing with a recommended list of wholesale and retail prices for the Products, which shall be updated from time to time by YGM Retail for reference; (ii) a non-exclusive right to manufacture the Products worldwide. YGM Retail shall make available to YGM Marketing the design specifications for all of its Products and any other reasonably requested information to facilitate the manufacturing of the Products; 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.

Provided that YGM Marketing is not in breach of the DML Agreement and has achieved the Minimum Purchase Requirements (as defined below), YGM Marketing shall be entitled to renew the DML Agreement for a further term of three years upon expiry of the Initial Term. 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 months before the expiration of the DML Agreement, provided that the DML Agreement remains in force and neither party is in default, with the aim of finalizing such negotiations no later than three months prior to the expiry date.

Pricing basis

During the Initial Term, YGM Marketing may either manufacture the Products itself, using the design specifications supplied by YGM Retail, or purchase the Products directly from YGM Retail. For Products purchased from YGM Retail, pricing will be determined on arm's length basis using a cost-plus approach. The purchase price will be equal to YGM Retail's acquisition cost plus a markup not more than 10%. 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.

We understand that the Group has not, as at the Latest Practicable Date, been a party to any license agreement similar to the DML Agreement as a licensee. Despite YGM Retail has entered into Trademark License Agreements as a licensor, none of these agreements include clauses governing product selling prices to Licensees. We were confirmed by the management of the Company that YGM has not sold any product to any third-party Licensee as at the Latest Practicable Date. Therefore, there are no directly comparable third-party transactions to reference for assessing the fairness and reasonableness of the proposed pricing basis.

We understand from the management of the Company that the actual purchase prices of the Products payable to YGM Retail will be determined based on the prevailing market conditions. To further ensure the purchase prices of the Products from YGM Retail are fair and reasonable and on terms no less favorable to YGM Marketing than those offered by Independent Third Parties, YGM Marketing will solicit quotations from various suppliers, including YGM Retail and Independent Third Parties, and will award supply contracts to the suppliers offering the most suitable products.

Having considered that (i) the purchase prices of the Products shall be determined through a competitive quotation process involving various suppliers, including Independent Third Parties; (ii) the 10% profit margin specified in the DML Agreement represents a maximum ceiling, with the actual profit margin subject to the prevailing market conditions; (iii) YGM Marketing has the right, but not the obligation, to purchase the Products from YGM Retail and may source the Products from Independent Third Parties at its absolute discretion; and (iv) adequate measures have been implemented by the Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to ensure pricing from YGM Retail is competitive and no less favorable to YGM Marketing than terms available from Independent Third Parties, we are of the opinion that the pricing mechanism under the DML Agreement is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Minimum Purchase Requirement

To be entitled to renew the DML Agreement for a further term of three years upon the expiry of the Initial Term, YGM Marketing shall use its best efforts to achieve annual purchases of the Products amounting to no less than the minimum purchase requirement of HK\$10.00 million during each twelve-month period of the Initial Term (the “**Minimum Purchase Requirement**”)

We were advised that the minimum purchase amount of HK\$10.00 million per annum was determined with reference to the Group’s historical purchase amounts of the Products from suppliers, which ranged from approximately HK\$15.20 million to HK\$23.10 million over the three financial years ended 31 March 2025. We have reviewed the Trademark License Agreements entered into between YGM Retail and the independent third-party Licensees in the USA, UK and South Korea and noted that two of these three agreements grant the Licensees an option to renew the Trademark License Agreements upon expiry of the initial term, subject to meeting the minimum sale/purchase thresholds.

Given that (i) the Minimum Purchase Requirement is not a binding obligation and is set below the Group’s actual purchase amounts of the Products from suppliers for the last three financial years; and (ii) performance-based renewal options are common in agreements of this nature, we are of the view that the Minimum Purchase Requirement is commercially justifiable.

Based on the above, we consider that the terms of the DML Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

B.3 Internal control measures

To ensure the pricing and terms of the Continuing Connected Transactions are fair and reasonable and no less favorable to the Group than those offered by Independent Third Parties, the Group will implement the following internal control procedures and corporate governance measures in relation to the Continuing Connected Transactions:

- (i) the senior management of the Company shall be responsible for monitoring compliance with the terms of the DML Agreement, ensuring all terms remain fair and reasonable and no less favorable to the Group than those offered by Independent Third Parties. They will also ensure that the Annual Caps are not exceeded and that all transactions contemplated under the DML Agreement adhere to the Company’s established pricing policies;
- (ii) the Company will supervise all Continuing Connected Transactions through dedicated personnel who will regularly review and assess transaction details to ensure adherence to 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 invoices issued by YGM Retail and overseeing corresponding payments;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the auditors of the Company will perform an annual review of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules; and
- (iv) the independent non-executive Directors will periodically review the Continuing Connected Transactions to confirm that such transactions are (a) conducted in the ordinary and usual course of the Group's business; (b) conducted on normal commercial terms or, where no comparable terms exist, on terms that are fair and reasonable so far as the Independent Shareholders are concerned; (c) in compliance with the terms of the DML Agreement; and (d) consistent with the pricing policies of the Group, where applicable.

We have discussed the above internal control measures with the management of the Company who confirmed that the abovementioned policies would be consistently applied to all the Continuing Connected Transactions. Having considered the internal control measures to be implemented by the Group, we concur with the Directors' view that adequate internal control measures are in place to govern the Continuing Connected Transactions and ensure their terms are no less favorable to the Group than those offered by the Independent Third Parties. With the implementation of the abovementioned internal control measures, we believe that the Continuing Connected Transactions will be conducted on normal commercial terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

B.4 Annual Caps

The annual caps for the purchase of Products from YGM Retail by YGM Marketing under the DML Agreement are set out below:

	<i>HK\$'000</i>
For the period from the Completion Date to 31 March 2026	9,000
For the year ending 31 March 2027	25,000
For the year ending 31 March 2028	25,000
For the period from 1 April 2028 to the expiry of the Initial Term	15,600

In determining the Annual Caps, the Directors have considered the following factors: (i) the historical purchase amounts of the Products by the Group from manufacturers over the three financial years ended 31 March 2025, which amounted to HK\$16.60 million, HK\$23.10 million and HK\$15.20 million, respectively; (ii) budgeted purchase orders for the period from the Completion Date to 31 March 2026; (iii) estimated market demand for the Products for the years ending 31 March 2027 and 2028, and the period from 1 April 2028 up to the expiry of the Initial Term; (iv) the estimated purchase amounts of the Products to be purchased by YGM Marketing from YGM Retail for the years ending 31 March 2027 and 2028, and the period from 1 April 2028 to the expiry of the Initial Term; and (v) the inclusion of a buffer to accommodate potential fluctuations in costs, changes in specifications, increases in demand and other variables.

To evaluate the fairness and reasonableness of the Annual Caps, we have discussed with the management of the Company and reviewed the Group's budgets for purchasing Products from YGM Retail over the next three years. The Group anticipated that the Annual Caps for the period from the Completion Date to 31 March 2026 would be approximately HK\$9.00 million, estimated mainly with reference to the purchase orders placed and estimated additional orders to be placed with YGM Retail during such period, and each financial year thereafter would be approximately HK\$25.00 million, estimated with reference to the average unit purchase cost and the projected volume of Products to be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

purchased. Therefore, the Annual Caps for (i) the period from the Completion Date to 31 March 2026 would be approximately HK\$9.00 million; (ii) the two years ending 31 March 2027 and 2028 would be approximately HK\$25.00 million per year; and (iii) the period from 1 April 2028 to the expiry of the Initial Term would be approximately HK\$15.60 million, representing approximately 7.5 months of the annual purchase amount.

Historical purchase amounts

The historical purchase amounts of the Products by the Group from manufacturers during the three years ended 31 March 2025 are summarised as follows:

	For the year ended 31 March		
	2023	2024	2025
Average unit purchase cost (HK\$)	205	220	214
Purchase volume (units)	81,000	105,000	71,000
Purchase amount (approximately HK\$'000)	16,600	23,100	15,200

We noted that the Group's purchase amounts of the Products fluctuated over the past three years, increasing from approximately HK\$16.60 million for the year ended 31 March 2023 to approximately HK\$23.10 million for the year ended 31 March 2024, before declining to approximately HK\$15.20 million for the year ended 31 March 2025.

The increase in the year ended 31 March 2024 was mainly attributable to higher sales volumes following the revival of economic activities in Hong Kong after the removal of anti-epidemic measures and the resumption of normal travel in early 2023. However, the slowdown in both the consumer market and the broader Hong Kong economy adversely affected the demand of the Products and led to the subsequent decline in purchase amount of the Products for the year ended 31 March 2025.

Annual Cap for the period from the Completion Date to 31 March 2026

We have discussed with the management of the Company, and reviewed, the calculation of the Annual Cap for the period from the Completion Date to 31 March 2026 and the budget purchase order list to YGM Retail and noted that the purchase amounts of the Products from YGM Retail is budgeted to be approximately HK\$7.90 million, of which orders of approximately 57% of the budgeted purchase amounts have been placed with YGM Retail up to the Latest Practicable Date. It is expected that orders in respect of the remaining balance of the budgeted purchase amounts will be placed with YGM Retail before 31 March 2026. In addition to the orders budgeted, the Group has provided a buffer of approximately HK\$1.10 million for the Annual Cap in respect of the period from the Completion Date to 31 March 2026 to cope with the increase in demand of the Products having considered golf competitions of the 15th National Games of the PRC (the “**National Games**”) will be held in Hong Kong in November 2025, details of which are set out in the paragraph headed “Purchase volume” below. In view of above, the Group budgeted an Annual Cap of HK\$9.00 million for the period from the Completion Date to 31 March 2026.

Based on above and having considered the historical purchase amounts of the Products from suppliers ranged between approximately HK\$6.22 million and HK\$8.66 million for the five months ended 31 March 2023, 2024 and 2025, we consider Annual Cap for the period from the Completion Date to 31 March 2026 is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Annual Caps for the years ending 31 March 2027 and 2028 and the period from 1 April 2028 to the expiry of the Initial Term

Average unit purchase cost

The Group projected a 5% increase in the average unit purchase cost of the Products in the coming years, based on the average unit purchase cost for the year ended 31 March 2025.

According to the “Half-yearly Economic Report 2025” released by the Government of Hong Kong in August 2025, Hong Kong’s real gross domestic product (“GDP”) grew by 2.5% in 2024, with year-on-year growth of 3.0% and 3.1% in the first and second quarters of 2025, respectively. The report forecasted that the real GDP growth for 2025 would be 2% to 3%. Furthermore, data from the Census and Statistics Department indicate that the Composite Consumer Price Index reached 107.3 in 2024 and 108.9 in July 2025, reflecting year-on-year increases of 1.7% and 1.0%, respectively. In the same period, the Producer Price Indices for textiles and wearing apparel manufacturing were 103.2 in 2024, 103.4 in the first quarter of 2025 and 106.4 in the second quarter of 2025, representing year-on-year changes of approximately 0.3%, -0.5% and 2.1%, respectively.

Having considered the above economic indicators and inflation trends, we consider the adoption of a 5% growth rate on the average unit purchase price to be fair and reasonable.

Purchase volume

We understand from the management of the Company that the Group has budgeted its annual purchase volume for the Products in the coming years by referencing the upper end of its historical purchase volume for the three years ended 31 March 2025 of approximately 105,000 units and has estimated a further increase of 5%.

According to the information released by the Census and Statistics Department of the Government of Hong Kong, the value of total retail sales of wearing apparel in Hong Kong for 2024 and the first 7 months of 2025 were approximately HK\$37.91 billion and HK\$22.23 billion, respectively, representing decreases of approximately 10.6% and 4.2%, respectively, as compared to the prior year and corresponding period. After adjusting for price changes, the volume of total retail sales of wearing apparel in Hong Kong for 2024 and the first 7 months of 2025 decreased by 9.8% and 2.3%, respectively, as compared to the same periods in the prior year. Notwithstanding this overall decline in retail sales of wearing apparel, both the value and volume of total retail sales of wearing apparel in Hong Kong for July 2025 showed improvement, with growth rates of 1.3% and 2.7%, respectively, as compared to July 2024.

The Hong Kong Government has been actively promoting tourism and hosting mega events to stimulate economic and retail activities. In November 2025, the National Games will be co-hosted by Guangdong, Hong Kong and Macau. Hong Kong will stage eight competition events, including golf, along with one mass participation event. Ashworth is the team shirt sponsor for the Guangdong and Hong Kong golf teams for the National Games. The Directors believe that this sponsorship will enhance public awareness of the Ashworth brand and increase demand for the Products, particularly with golf competitions being held in Hong Kong. Therefore, the Group anticipated a rebound in the annual purchase volume of the Products in the coming years, projecting a 5% increase compared to the upper end of the purchase volume for the three years ended 31 March 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the historical fluctuations in the Group's purchase volume of the Products, the recent improvement in Hong Kong's wearing apparel retail market as of July 2025, the upcoming hosting of golf competitions during the National Games in Hong Kong as well as Ashworth's sponsorship of the Guangdong and Hong Kong golf teams, we consider the annual purchase volume of the Products budgeted by the Directors for the Annual Caps to be commercially feasible.

The DML Agreement shall commence upon Completion, which is expected to occur in mid-November 2025. Accordingly, the Annual Caps are set as (i) approximately HK\$9.00 million for the period from the Completion Date to 31 March 2026; (ii) approximately HK\$25.00 million for each of the two years ending 31 March 2027 and 2028; and (iii) approximately HK\$15.60 million for the period from 1 April 2028 to the expiry of the Initial Term (approximately 7.5 months).

In light of the above factors, we are of the view that the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons stated above, we consider that (i) the terms of the SPA are fair and reasonable so far as the Independent Shareholders are concerned, the transactions contemplated under the SPA are on normal commercial terms and in the interests of the Company and its Shareholders as a whole although the Disposal is not conducted in the ordinary and usual course of business of the Company; and (ii) the terms of the DML Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Continuing Connected Transactions (together with the proposed Annual Caps) are on normal commercial terms and conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favor of the resolutions to be proposed at the upcoming EGM to approve the SPA and the DML Agreement (together with the proposed Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Crescendo Capital Limited

Amilia Tsang
Managing Director

Helen Fan
Director

Notes:

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 21 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 17 years of experience in corporate finance.

The following is the text of a report prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 30 June 2025 of the market value of 100% equity interest in YGM Retail Limited.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道6-8號瑞安中心33樓

Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863

Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

13 October 2025

The Directors

YGM Trading Limited

No. 22 Tai Yau Road

San Po Kong

Kowloon, Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest in YGM Retail Limited

1. INSTRUCTIONS

We refer to the instructions from YGM Trading Limited (referred to as the “**Company**”, together with its subsidiaries, the “**Group**”) for us to provide our independent opinion on the market value of 100% equity interest in YGM Retail Limited (referred to as “**YGM Retail**”).

2. PURPOSE OF VALUATION

The purpose of our valuation is to provide an independent opinion on the market value of 100% equity interest in YGM Retail as at the date of valuation in relation to the disposal of 100% equity interest in YGM Retail by the Company.

3. DATE OF VALUATION

The date of valuation is 30 June 2025.

4. BASIS OF VALUATION

This report has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

Our valuation has been carried out on the basis of market value. Market value is defined as “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”.

5. BACKGROUND OF THE COMPANY, THE GROUP AND YGM RETAIL

Background of the Company and the Group

The Company is a publicly listed company with limited liability. It was incorporated in Hong Kong and has been listed on the Main Board of the Hong Kong Stock Exchange (stock code: 375) since 1988. It 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.

Background of YGM Retail

YGM Retail is a limited liability company incorporated in Hong Kong. Its principal business is trademark ownership and licensing. As at the date of valuation, it is an indirect wholly-owned subsidiary of the Company. YGM Retail is the registered owner of all of the Ashworth intellectual property rights (referred to as the “**Ashworth Trademark**”).

The Ashworth Trademark refers to YGM Retail’s right, title, and interest (legal and/or beneficial), in and to all of the intellectual property rights, whether registered or unregistered, in the trademarks, service marks, designs, trade name, domain names, confidential information, using, embracing, embodying or otherwise related to the Ashworth Trademark.

As at the date of valuation, the Ashworth Trademark was licensed to four licensees. They are granted the rights to use the Ashworth Trademark according to specific terms and conditions stipulated in the licensing agreements. Basic information of the four licensing agreements is as follows:

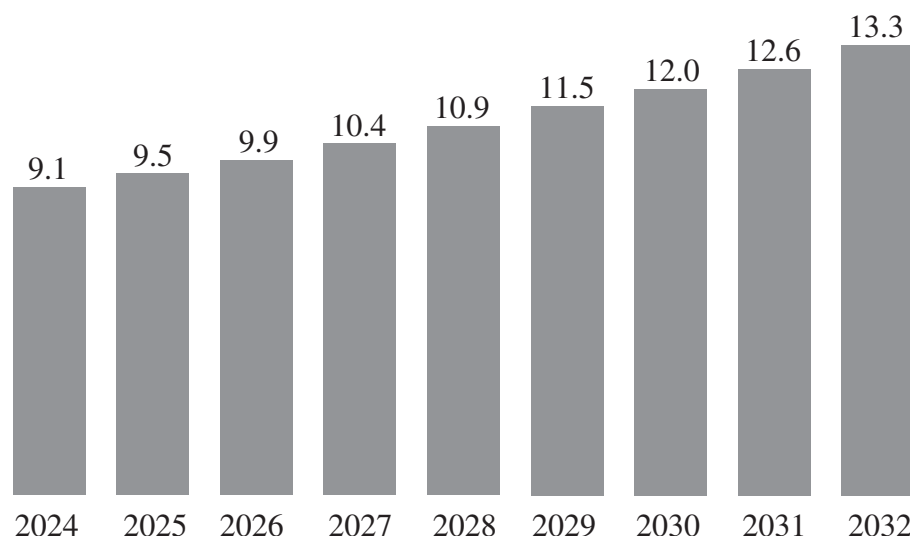
Licensee	Initial Term of Licensing Period	Operating Region(s) of Licensee
USA Licensee	From April 2022 to March 2032	The United States of America, Mexico and Canada
UK Licensee	From May 2022 to May 2032	United Kingdom
South Korea Licensee	From July 2022 to January 2026	The Republic of Korea
PRC Licensee	From June 2024 to May 2029	The People’s Republic of China

The above licensing agreements can be renewed beyond the initial term given the licensees achieving the minimum net sales requirement and meeting the minimum royalty amounts in specific years, as stipulated in their respective licensing agreements.

6. INDUSTRY OVERVIEW

Global Golf Apparel Market

According to Fortune Business Insights, the global golf apparel market size was valued at US\$9.07 billion in 2024. The market is projected to grow from US\$9.46 billion in 2025 to US\$13.28 billion by 2032, exhibiting a CAGR of 4.95% over the forecast period. North America dominated the golf apparel market with a market share of 55.57% in 2024.

Figure 1: Global Golf Apparel Market Size (in US\$ billion)

Source: Fortune Business Insight

Golf clothing is specialised clothing designed for playing golf, offering comfort and performance for golf players and adherence to golf courses' dress codes. The rising popularity of golf as a leisure activity worldwide and the increasing number of golf resorts across various countries fuels the market growth. Furthermore, some key market participants focus on mergers to stay competitive. For instance, in March 2021, Callaway Golf Company, a California, U.S.-based golf equipment & accessories company, completed its merger with Topgolf International, Inc., a U.S.-based technology-enabled golf range game company.

The growth in golf tournaments and events across various countries propels the market expansion. Moreover, the rising number of female golfers owing to the growing popularity of golf among women and the increasing number of women golf tournaments and events positively influence the demand for ladies golf apparel and global market trends.

In addition, the increasing number of golf players worldwide fuels the product demand. According to R&A, a leading body in the golf industry, the number of individuals playing 9 or 18-hole golf increased by over 15% in 2022 compared to 2020.

The COVID-19 pandemic had a severe impact on the golf clothing market in 2020. Various major golf competitions were canceled or postponed due to enforced lockdown restrictions. In addition, governments across countries enforced regulations leading to the temporary closure of production facilities and various retail stores, including sports complexes and specialty stores.

Market Trends

The popularity of eco-friendly products is growing significantly owing to the increasing environmental awareness among individuals and the rising demand from eco-conscious consumers. Moreover, the growing availability of products made using sustainable materials, including recycled polyester, recycled nylon, bamboo and organic cotton, increases the global golf apparel market share.

Various major industry participants are introducing eco-friendly products to diversify their portfolios. For instance, in November 2020, OCEANTEE, a U.K.-based golf brand, launched its new sustainable women's golf clothing range. According to the company, the new range is biodegradable and made using plastic-free fabric. Such eco-friendly product launches drive the demand for women's golf apparel.

Market Growth Factors

The rise in golf tourism and the increasing popularity of golf destinations across various countries, including the United States, Scotland, Ireland, Spain and others offering unique golfing experiences fuel the market growth. Moreover, the growing trend of corporate golf tourism, where businesses organize golf-related events, tournaments and retreats, boosts product demand.

Furthermore, governments across various countries are launching new initiatives to boost golf tourism worldwide. For instance, in March 2023, the Ho Chi Minh City Department of Tourism, a government agency, and Vietnam Golf Tourism Association launched a new golf service tour to promote golf tourism in Vietnam.

For instance, in July 2024, BookMyBooking.com, an online travel agency, announced that Indonesia aims to become a top golfing destination in the region as its neighbouring country, Singapore, is closing public golf courses owing to country land crunch.

The e-commerce industry is developing rapidly worldwide. This is primarily driven by a growing tech-savvy population, internet, and smartphone penetration, and soaring demand for international luxury goods.

Various manufacturers such as Puma SE, Under Armor Inc., Nike, Inc., Adidas AG and others are now associated with or have their own web-based retailers where consumers can get information about manufacturers and their products.

According to Adidas' annual report for the year 2021, e-commerce is an essential part of their business. By 2025, Adidas' e-commerce business is expected to account for EUR8 billion (US\$7.9 billion) to EUR9 billion (US\$8.9 billion) in net sales. Furthermore, increasing traffic on the website of Adidas and growing use of Adidas app further shows consumers' growing inclination toward online shopping.

Market Segmentation by Types

Based on type, the global market is segmented into T-shirts & polo shirts, trousers, shorts, hoodies, vests, skirts, winter wear, footwear and others.

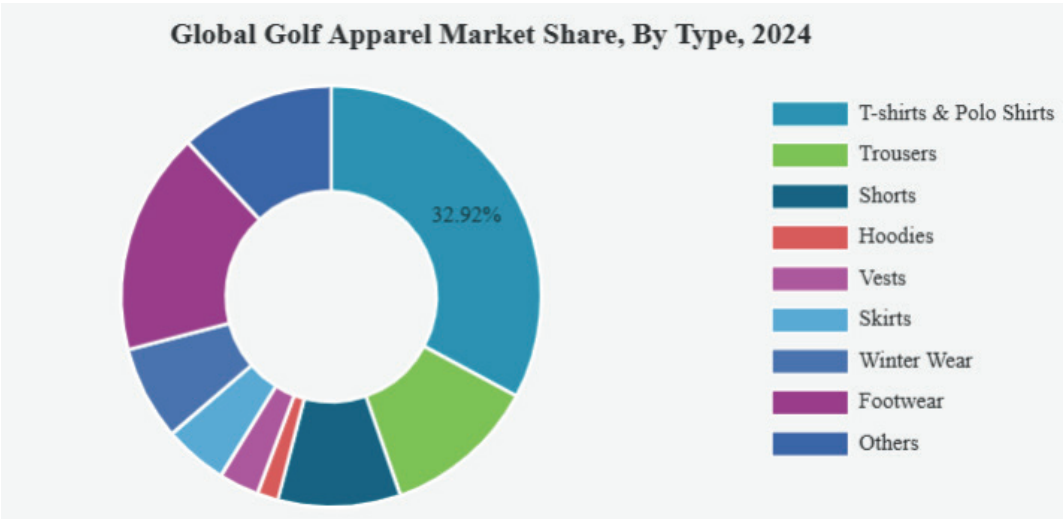
The T-shirts & polo shirts segment dominated the global market in 2024 owing to the wide availability of product type coupled with the increasing popularity of T-shirts with moisture-wicking, UV protection and breathability properties. The T-shirts & polo shirts segment is expected to hold a 32.79% share in 2023.

Continual manufacturers' provision of sustainable golf T-shirts made of recycled polyester, bamboo viscous, organic cotton and the increasing preference of professional athletes for eco-friendly fabric-based golfing outfits favour T-shirts segmental revenues. In June 2024, Reflo, a sustainable

performance wear brand, launched a spring-summer 2024 collection of golf polo shirts, T-shirts, shorts, mid-layers, sweaters and hoodies crafted from recycled polyester material.

The footwear segment is expected to grow significantly throughout the forecast period owing to the increasing need for comfort and support for long hours on the golf course. Furthermore, innovations in cushioning, arch support, and ergonomic design enhancing player’s comfort and high performance will drive the segment growth over the coming years. Several industry players are launching new products. For instance, in February 2024, Adidas Golf Apparel launched its collection of golf shoes, TOUR360 24.

Figure 2: Global Golf Apparel Market Share by Type, 2024



Source: Fortune Business Insights

Market Segmentation by Geographic Regions

Geographically, the global market is segmented into North America, Europe, Asia-Pacific, South America and the Middle East & Africa.

North America dominated the global market in 2023 owing to the increasing number of golf courses and the rising participation in golf across the region. According to the National Golf Foundation, in 2023, there were over 16,000 golf courses at 14,000 golf facilities across the U.S. Furthermore, the growing awareness of golf and the rising number of golf participants across the U.S. and Canada fuels market growth. For instance, according to the National Golf Foundation, the number of on- and off-course golf participants increased from 41.1 million in 2022 to 45 million in 2023.

The Europe market is expected to grow significantly throughout the forecast period owing to the growing number of golfers and rising focus of individuals on active lifestyle and outdoor activities. According to the Europe Golf Association, the number of registered golfers increased from 4,328,319 in 2020 to 4,569,088 in 2022 across Europe. Furthermore, the rising popularity of golf tourism across countries boosts product demand.

The Asia-Pacific golf apparel market is expected to grow considerably throughout the forecast period owing to the increasing participation in golf and rising popularity of golf across several countries, especially China, Japan, India, South Korea and Malaysia. According to a report by R&A, a leading body in the golf industry, in 2023, over 22.5 million individuals depicted engagement with golf. Furthermore, the increasing popularity of golf tournaments coupled with rising disposable income, leading to higher spending on leisure activities, including golf, fuels the market growth in the region.

The product demand across South America and the Middle East & Africa markets is anticipated to witness positive growth in the foreseeable future. The rising number of golf resorts and the increasing popularity of golf tourism across various countries drive the market growth. Furthermore, the escalating number of golf courses and rising participation in golf across countries boost product demand.

7. SOURCE OF INFORMATION

For the purpose of our valuation, we have been furnished with the financial and operational information in respect of YGM Retail provided by the senior management of the Company.

We have no reason to doubt the truth and accuracy of the information provided to us, and we have been confirmed by the senior management of the Company that no material facts have been omitted from the information provided to us.

Apart from the information provided by the senior management of the Company, we also obtained market data, industrial information and statistical figures from publicly available sources.

8. SCOPE OF WORKS

The following processes have been conducted by us in the course of our valuation:

- Interviewed with the senior management of the Company in respect of the core operation of YGM Retail;
- Obtained relevant financial and operational information in respect of YGM Retail from the senior management of the Company;
- Examined the basis and assumptions of the financial and operational information in respect of YGM Retail provided by the senior management of the Company;
- Conducted appropriate research to obtain sufficient market data, industry information and statistical figures from publicly available sources; and
- Prepared the valuation and this report in accordance with generally accepted valuation procedures and practices.

9. VALUATION ASSUMPTIONS

Due to the changing economic and market conditions, a number of assumptions have to be adopted in our valuation. The major assumptions adopted in our valuation are as follows:

General Market Assumptions

- 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; and
- The market data, industrial information and statistical figures obtained from publicly available sources are true and accurate.

Company-specific Assumptions

- All licenses, permits, certificates and consents issued by any local, provincial or national government or other authorised 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;
- 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;
- YGM Retail will have, adequate human capital and capacity required for the provision of the services of YGM Retail, and the required human capital and capacity will be acquired in a timely manner that will not affect the operation of YGM Retail;
- YGM Retail will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time;
- The senior management of YGM Retail will implement only those prospective financial and operational strategies that will maximize the efficiency of the operation of YGM Retail;

- The senior management of YGM Retail has sufficient knowledge and experience in respect of the operation of YGM Retail, and the turnover of any director, management or key person will not affect the operation of YGM Retail;
- The senior management of YGM Retail has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of YGM Retail; and
- The senior management of YGM Retail has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of YGM Retail.

10. VALUATION APPROACH

General Valuation Approaches

The following generally accepted valuation approaches have been considered in the course of our valuation: (1) the income approach; (2) the market approach; (3) the cost approach; and (4) the asset-based approach.

Income Approach

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.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the free cash flows of the subject asset in future years were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and/or investment in net working capital.

Market Approach

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.

Under the market approach, the guideline company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The sales comparison method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Cost Approach

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.

Under the cost approach, the historical cost method measures the cost incurred throughout the development of the subject asset at the time it was developed. The replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset. The replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

Asset-based Approach

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. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business enterprise and equals to the value of its invested capital (equity and long-term debt). In other words, the value of the business enterprise is represented by the money that has been collected to purchase the business assets needed. This money comes from investors who buy the stocks of the business enterprise (equity) and investors who lend money to the business enterprise (debt). After collecting the total amount of money from equity and debt and converted into various types of assets of the business enterprise for its operations, their sum equals the value of the business enterprise.

Selected Valuation Approach

The selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise.

Valuation of YGM Retail

The market approach relies generally on deriving value through a measure of the values of industry comparables or market transactions. 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 date of valuation to derive an indicative value of YGM Retail with sufficient level of accuracy. Accordingly, the market approach was abandoned.

The income approach, instead, 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 licensing agreement will be expired in early 2026 with no indication of renewal as at the date of valuation while other licensing agreements will be expired 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 licensing agreements. This raises uncertainty over whether these agreements would be renewed. Further, as at the date of valuation 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 licensing agreements. As a reasonable cash flow forecast could not be made, the income approach was not appropriate.

The cost approach was considered inappropriate for the valuation of YGM Retail as the historical cost did not represent the value of YGM Retail. 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 date of valuation. The replication cost or replacement cost of YGM Retail, which is a company rather than an asset, could not be reliably quantified or estimated.

The asset-based approach was considered 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 Trademark was the major asset and value of the Ashworth Trademark 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 the Ashworth Trademark

The cost approach was adopted in the valuation of the Ashworth Trademark. The Ashworth Trademark is an acquired asset that can be individually identified. The original acquisition cost of the Ashworth Trademark was adopted as the market value as at the date of valuation because there was no further development cost or capital expenditure incurred directly and solely in developing the Ashworth Trademark since the original acquisition by YGM Retail in September 2019. The adopted market value of the Ashworth Trademark had no material difference to its book value.

Other maintenance costs and expenses associated with using the Ashworth Trademark, 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 Trademark in determining its market value.

The market approach was not appropriate in valuing the Ashworth Trademark because given the characteristics of the Ashworth Trademark, 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 Trademark could not be made.

Valuations of other assets and liabilities

As at the date of valuation, 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 date of valuation were considered to have no material differences with their market values and accordingly, such book values were adopted as the market values in the valuation.

11. VALUATION PARAMETERS

The adopted values for each of the balance sheet item of YGM Retail are listed below:

YGM Retail As at 30 June 2025	Book Value (HK\$)	Market Value (HK\$)
Ashworth Trademark	31,392,000	31,392,000
Total non-current asset	31,392,000	31,392,000
Prepayment	189,998	189,998
Cash & cash equivalents	3,117,001	3,117,001
Total current assets	3,306,999	3,306,999
Total Assets	34,698,999	34,698,999
Provision and accrued charges	258,100	258,100
Receipts in advance	2,022,475	2,022,475
Amount due to the Group	33,999,939	33,999,939
Total current liabilities	36,280,514	36,280,514
Total Liabilities	36,280,514	36,280,514
Net Liabilities	(1,581,515)	(1,581,515)

12. STATEMENT OF INDEPENDENCE

We hereby certify that we have neither present nor prospective interest in the Company, the Group, YGM Retail or the result reported. In addition, our directors are neither directors nor officers of the Company, the Group or YGM Retail.

In the course of our valuation, we are acting independent of all parties.

Our fees are agreed on a lump-sum basis and are not correlated with the result as stated in this report.

13. REMARKS

For the purpose of our valuation, we have been furnished with information provided by the senior management of the Company. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made or liability assumed for the accuracy of any data, opinions or valuations identified as being furnished by others, which have been used in formulating our analysis.

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$).

14. CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices that rely on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to uncertainties and contingencies that are beyond the control of the Company, the Group, YGM Retail or us.

Based on our analysis outlined in this report, it is our independent opinion that the market value of 100% equity interest in YGM Retail Limited (i.e. YGM Retail) as at 30 June 2025 was **NOMINAL**.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng
*BSc(Bldg), MUD, MBA(Finance), MSc.(Eng), PhD(Econ),
FSOE, FIPlantE, CEnv, FIPA, FAIA, FRSM, CPA UK,
SIFM, FCMA, FRSS, MCIArb, MASCE, MHKIE, MIEEE,
MASME, MIIE, MASM, MIET
Managing Director*

Note:

Dr. Tony C. H. Cheng has various engineering and accounting & finance qualifications. He is a Fellow member of Royal statistical Society, Fellow member of the Society of Operations Engineers, and the Institution of Plant Engineers, and a member of the Hong Kong Institution of Engineers and the American Society of Mechanical Engineers.

Besides, Dr. Cheng is a Fellow member of Association of International Accountants, Fellow member of the Institute of Public Accountants, and the Institute of Financial Accountants. He is also a Fellow member and Committee member of the Certified Management Accountants Australia. He has extensive experience in valuing similar assets in different industries in the Asia-Pacific region.

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

Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practice Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Number of ordinary shares in the Company			
	Personal interests (i)	Family interests	Corporate interests	Other interests
Chan Wing Sun, Samuel	8,336,962	250,000	8,093,775	(ii) & (iii)
Chan Suk Ling, Shirley	8,802,608	328,000	–	(ii) & (iii)
Fu Sing Yam, William	2,075,462	–	–	(ii)
Chan Wing Fui, Peter	24,345	1,101,000	12,060,109	(ii) & (iii)
Chan Wing Kee	9,612,943	1,012,035	–	(ii) & (iii)

- (i) The shares are registered under the names of the Directors and chief executives who are the beneficial owners.
- (ii) 46,091,700 Shares (representing approximately 27.79% of the total issued Shares) were held by Chan Family Investment Corporation Limited (which is owned by Chan Wing Kee, Chan Wing Sun, Samuel, Fu Sing Yam, William, Chan Suk Ling, Shirley, and other members of the Chan family) and its subsidiaries.
- (iii) 120,400 Shares (representing approximately 0.073% of the total issued Shares) were held by Hearty Investments Limited which is indirectly owned by Chan Wing Kee, Chan Wing Sun, Samuel, Chan Suk Ling, Shirley and other members of the Chan family.

As at the Latest Practicable Date, save as disclosed above,

- (i) 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;

- (ii) none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code;
- (iii) so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or to be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4 DIRECTORS' INTEREST IN ASSETS AND CONTRACTS

Details of the related party transactions are set out in note 24(b) to the financial statements of the Group for the year ended 31 March 2025 in the annual report of the Company. Save as disclosed therein, as at the Latest Practicable Date, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 March 2025 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5 DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6 MATERIAL ADVERSE CHANGE

The Directors confirm there had not been any material adverse change in the financial or trading position of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up to, up to and including the Latest Practicable Date.

7 EXPERTS' QUALIFICATIONS AND CONSENTS

The following are qualifications of the experts who have given their opinions or advices which are included in this circular:

Name	Qualification
Crescendo Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
BMI Appraisals Limited	independent valuer

As at the Latest Practicable Date, none of Crescendo Capital Limited or BMI Appraisals Limited had any shareholding, directly or indirectly in any member of the Group, nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did any of them have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired to disposed of by or leased to any member of the Group since 31 March 2025, being the date to which the latest published audited financial statements of the Group were made up.

Each of Crescendo Capital Limited and BMI Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and/or reports and/or references to its name in the form and context in which they respectively appear.

8 DOCUMENTS ON DISPLAY

A copy of the SPA and the DML Agreement will be available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.ygmtrading.com) for a period of 14 days from the date of this circular.

9 MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

NOTICE OF EGM

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of the members of YGM Trading Limited (the “**Company**”) will be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 4 November 2025 at 2:30 p.m. for the purpose of considering, if thought fit, passing, with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the share purchase agreement dated 11 September 2025 (the “**SPA**”) entered into among YGM Limited and Yampa Investments Limited (collectively, the “**Vendors**”), the Company and Citimark Trading Limited (the “**Purchaser**”) in relation to the sale and purchase of the entire issued shares (the “**Sale Shares**”) in YGM Retail Limited (“**YGM Retail**”) and the assignment of the Sale Loan (as defined in the SPA) (a copy of which has been produced to the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and
- (b) any one Director be and is hereby authorised, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the SPA and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

2. “**THAT:**

- (a) the distribution and manufacturing license agreement to be entered into between YGM Retail and YGM Marketing (the “**DML Agreement**”) which will take effect immediately upon completion of the transactions pursuant to the SPA (the “**Completion**”) (a copy of which has been produced to the EGM marked “B” and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) the proposed annual cap amounts for the transactions under the DML Agreement for the three years commencing from the date of Completion as set out in the circular of the Company dated 13 October 2025 be and are hereby approved; and

NOTICE OF EGM

- (c) any one Director be and is hereby authorised, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the DML Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

SPECIAL RESOLUTION

3. **“THAT:**

- (a) conditional only upon the satisfaction of either one of the conditions set out in paragraph (b) of this special resolution and subject to any conditions imposed in accordance with paragraph (c) of this special resolution, the reduction of the amount standing to the credit of the share capital account of the Company by an amount equal to HK\$363,909,000 without cancelling or extinguishing any ordinary shares (the **“Capital Reduction”**) be and is hereby approved and the directors of the Company (the **“Directors”**) be and are hereby authorised to apply the credit arising from the Capital Reduction to a capital reduction reserve account of the Company and to use such reserve to make distribution to the shareholders of the Company as and when the Directors think fit;
- (b) the approval and authorisation set out in paragraph (a) of this special resolution shall be conditional upon either (i) there being no application to the Court of First Instance of the High Court of Hong Kong (the **“Court”**) for cancellation of the approval of the Capital Reduction, set out in this special resolution, by creditors or members of the Company within five weeks of the date of this special resolution (the **“Application”**); or (ii) if any such Application is made, the Court making an order to confirm this special resolution;
- (c) if such an Application is made and the Court makes an order to confirm this special resolution upon the Application, the approval and authorisation in paragraph (a) of this special resolution shall be subject to any conditions that may be imposed by the Court; and
- (d) any one of the Directors be and is hereby authorised to submit or file all such relevant documents with the relevant regulatory authorities for approval, endorsement and/or registration as appropriate, and to do or authorise the doing of all such acts and things and to execute all such further documents or deeds as he/she may, in his/her absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Capital Reduction.”

By order of the Board
YGM Trading Limited
Kwok Ying Tung
Company Secretary

Hong Kong, 13 October 2025

NOTICE OF EGM

Notes:

- (a) For the purpose of ascertaining the entitlement of the shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 30 October 2025 to Tuesday, 4 November 2025 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 28 October 2025.
- (b) A member entitled to attend and vote at the above meeting may appoint more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (c) In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
- (d) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so wish, and in such event, the form of proxy will be deemed to be revoked.
- (e) The resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the website of the Company at www.ygmtrading.com and on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk in accordance with the Listing Rules.
- (f) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 12:00 noon on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the website of the Company at www.ygmtrading.com and on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the adjourned meeting.
- (g) References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, 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.