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## **YGM TRADING LIMITED**

*(incorporated in the Hong Kong with limited liability)*

**(Stock Code: 00375)**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SALES MASTER AGREEMENT AND THE PURCHASE MASTER AGREEMENT**

#### **INTRODUCTION**

On 31 December 2025 (after trading hours), YGM Marketing, a wholly-owned subsidiary of the Company, and Citimark Trading entered into (i) the Sales Master Agreement, pursuant to which YGM Marketing agrees to sell the Sale Products to Citimark Trading from time to time; and (ii) the Master Purchase Agreement, pursuant to which YGM Marketing agrees to purchase the Purchase Products from Citimark Trading from time to time.

#### **IMPLICATIONS UNDER THE LISTING RULES**

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, Citimark Trading is owned as to 75% by Mr. Michael Chan and 25% by Mr. Jason Chan. Mr. Michael Chan is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a brother of three executive Directors, namely Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley. Mr. Michael Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. Jason Chan is (i) a son of Mr. Michael Chan; and (ii) a nephew of Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, and a second cousin of Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, each an executive Director.

Accordingly, the transactions contemplated under each of the CCT Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed Annual Caps for the transactions contemplated under each of the CCT Agreements exceed 5% but all are less than 25% on an annual basis, and the highest proposed Annual Cap under each of the CCT Agreements is less than HK\$10,000,000, the transactions contemplated each of the CCT Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the Sales Master Agreement, pursuant to Rule 14A.81 of the Listing Rules, the proposed annual caps thereunder have been aggregated with the annual cap of the consignment arrangement previously entered into between another member of the Group and Citimark Trading, as disclosed in the Company's announcement dated 5 February 2024, as both transactions involve dealings between members of the Group and the same connected person (i.e. Citimark Trading).

## INTRODUCTION

On 31 December 2025 (after trading hours), YGM Marketing, a wholly-owned subsidiary of the Company, and Citimark Trading entered into (i) the Sales Master Agreement, pursuant to which YGM Marketing agrees to sell the Sale Products to Citimark Trading from time to time; and (ii) the Master Purchase Agreement, pursuant to which YGM Marketing agrees to purchase the Purchase Products from Citimark Trading from time to time.

## THE SALES MASTER AGREEMENT

<b>Date:</b>	31 December 2025
<b>Parties:</b>	(i) YGM Marketing, as the seller (ii) Citimark Trading, as the purchaser
<b>Subject matter:</b>	Pursuant to the terms of the Sales Master Agreement, YGM Marketing will sell the Sale Products to Citimark Trading on an order-by-order basis.
<b>Term:</b>	Commencing on 31 December 2025 and ending on 31 March 2028 (both days inclusive).
<b>Payment Terms</b>	Payment shall be settled in cash within 30 days upon issuance of debit notes.
<b>Pricing Basis</b>	The prices of the Sale Products shall be determined and agreed between YGM Marketing and Citimark Trading on an order-by-order basis after arm's length negotiations, with reference to the following factors:- <ul style="list-style-type: none"><li>(i) the quantity and the volume of the Sale Products ordered;</li><li>(ii) the cost of acquisition or production of the Products incurred by YGM Marketing (including any applicable licence, royalty or consignment-related costs payable to relevant members of the Group);</li><li>(iii) nature, type, age and condition of the Products (including whether they are current-season or past-season inventory);</li><li>(iv) prices offered by YGM Marketing to Independent Third Party customers for comparable products under similar circumstances; and</li><li>(v) the prevailing market prices for similar Products based on information available in the market.</li></ul>

## THE PURCHASE MASTER AGREEMENT

<b>Date:</b>	31 December 2025
<b>Parties:</b>	(i) YGM Marketing, as the purchaser (ii) Citimark Trading, as the seller

<b>Subject matter:</b>	Pursuant to the terms of the Purchase Master Agreement, YGM Marketing will purchase the Purchase Products sourced or distributed by Citimark Trading.
<b>Term:</b>	Commencing on 31 December 2025 and ending on 31 March 2028 (both days inclusive).
<b>Payment Terms</b>	Payment shall be settled in cash within 30 days upon issuance of debit notes.
<b>Pricing Basis</b>	<p>The prices of the Purchase Products shall be determined and agreed between YGM Marketing and Citimark Trading on an order-by-order basis after arm's length negotiations, with reference to the following factors:-</p> <ul style="list-style-type: none"> <li>(i) the quantity, specifications and nature of the Purchase Products;</li> <li>(ii) the cost of acquisition or production of the Purchase Products incurred by Citimark Trading (including any applicable licence, royalty or consignment-related costs payable to relevant members of the Citimark Trading);</li> <li>(iii) nature, type, age and condition of the Purchase Products (including whether they are current-season or past-season inventory)</li> <li>(iv) prices offered by Citimark Trading to Independent Third Party customers for comparable products under similar circumstances; and</li> <li>(v) the prevailing market prices for similar Purchase Products based on information available in the market.</li> </ul>

## HISTORICAL TRANSACTION AMOUNTS

The Group has not previously entered into any transactions with Citimark Trading involving (i) the sale of the Sale Products or (ii) the purchase of the Purchase Products, contemplated under the Sales Master Agreement and the Purchase Master Agreement, respectively.

## ANNUAL CAPS

The following table summarizes the proposed annual caps of the transactions contemplated under each of the Sales Master Agreement and Purchase Master Agreement for each of the three financial years ending 31 March 2026, 2027 and 2028:

	<b>For the years ending 31 March</b>		
	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Annual caps of the transactions contemplated under the Sales Master Agreement (“ <b>Sales Annual Caps</b> ”)	6.0	8.3	9.9
Annual caps of the transactions contemplated under the Purchase Master Agreement (“ <b>Purchase Annual Caps</b> ”)	6.0	9.9	9.9

The Sales Annual Caps were determined with reference to (i) the estimated volume of the Sale Products expected to be available for sale by the Group during the relevant periods; and (ii) a reasonable buffer to accommodate potential fluctuations in sales volume.

The Purchase Annual Caps were determined with reference to (i) the Group's anticipated procurement requirements for the Purchase Products based on its existing business operations; and (ii) a reasonable buffer to cater for potential increases in procurement requirements during the relevant periods.

## **INFORMATION OF THE PARTIES**

### **The Group**

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 Marketing is a limited liability company incorporated in Hong Kong whose principal business is garment wholesaling and retailing. As at the date of this announcement, it is a wholly-owned subsidiary of the Company.

### **Citimark Trading**

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

Each of Mr. Michael Chan and Mr. Jason Chan is a Hong Kong resident and 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.

## **INTERNAL CONTROL MEASURES**

The Group will adopt internal control procedures and corporate governance measures in relation to the transactions contemplated under the CCT Agreements 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 CCT Agreements 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 CCT Agreements and the pricing policies of the Company;
- (ii) the Company will supervise the transactions contemplated under the CCT Agreements. Specifically, the relevant personnel of the Company will review and assess the details of the transactions to ensure compliance with the terms of the CCT Agreements. 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 in respect of the purchase amounts and overseeing payments;
- (iii) the auditors of the Company will conduct annual review of the pricing of the CCT Agreements and the Annual Caps; and

- (iv) the independent non-executive Directors will conduct a review of the CCT Agreements to ensure that the such transactions contemplated thereunder are (a) in the ordinary and usual course of the Group's business; (b) conducted either on normal commercial terms or better, or where there is no available comparison, on terms that are fair and reasonable so far as the Independent Shareholders are concerned; (c) in accordance with the terms of the CCT Agreements; and (d) in accordance with the pricing policies of the Group, where applicable.

The Directors believe that the above measures will ensure that the transactions contemplated under the CCT Agreements will be conducted on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CCT AGREEMENTS**

The Group regularly reviews its inventory management, sourcing and distribution arrangements with a view to optimising operational efficiency, managing inventory risks and controlling associated costs.

The Sales Master Agreement provides a framework for YGM Marketing to sell the Sale Products to Citimark Trading from time to time on an order-by-order basis. This enables the Group to reduce its inventory levels and associated holding and logistics costs, and to improve cash flow and inventory turnover efficiency. The Purchase Master Agreement provides a framework for YGM Marketing to purchase the Purchase Products from Citimark Trading from time to time to support the Group's ongoing business operations, while allowing greater flexibility in sourcing arrangements and inventory management.

The Directors (including the independent non-executive Directors) are of the view that: (i) the transactions contemplated under the CCT Agreements are entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, on terms that 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 contemplated under the CCT Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, Citimark Trading is owned as to 75% by Mr. Michael Chan and 25% by Mr. Jason Chan. Mr. Michael Chan is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a brother of three executive Directors, namely Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley. Mr. Michael Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. Jason Chan is (i) a son of Mr. Michael Chan; and (ii) a nephew of Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, and a second cousin of Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, each an executive Director.

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## DEFINITIONS

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

“Annual Caps”	the Sales Annual Caps and the Purchase Annual Caps
“Board”	the board of Directors of the Company
“CCT Agreements”	the Sales Master Agreement and the Purchase Master Agreement
“Citimark Trading”	Citimark Trading Limited, a company incorporated in Hong Kong with limited liability
“Company”	YGM Trading Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 375)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries, including YGM Marketing
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Jason Chan”	Mr. Chan Ka Shun, Jason
“Mr. Michael Chan”	Mr. Chan Wing Ming, Michael
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchase Master Agreement”	a master agreement dated 31 December 2025 entered into between YGM Marketing and Citimark Trading pursuant to which YGM Marketing agrees to purchase the Purchase Products from Citimark Trading from time to time

“Purchase Products”	Garment, apparel, accessories or related products supplied by Citimark Trading to YGM Marketing from time to time pursuant to the Purchase Master Agreement, which are sourced, produced or distributed by Citimark Trading
“Sales Master Agreement”	a master agreement dated 31 December 2025 entered into between YGM Marketing and Citimark Trading pursuant to which YGM Marketing agrees to sell the Sale Products to Citimark Trading from time to time
“Sale Products”	Garment, apparel, accessories or related products supplied by YGM Marketing to Citimark Trading from time to time pursuant to the Sales Master Agreement, which are produced, sourced or distributed by YGM Marketing
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 31 December 2025

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