
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 the transfer was effected for transmission to the purchaser or transferee.

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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

CONTINUING CONNECTED TRANSACTIONS

GARMENT SALES BY YANGTZEKIANG GARMENT GROUP TO YGM TRADING GROUP

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



CENTURION CORPORATE FINANCE LIMITED

A letter from the Independent Board Committee is set out on page 8 of this circular.

A letter from Centurion containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 9 to 14 of this circular.

A notice convening the EGM of the Company to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on 1 April 2008 at 11:15 a.m. is set out on page 19 of this circular. Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's registered office at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

17 March 2008

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DEFINITIONS

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

“Board”	the board of Directors;
“Centurion”	Centurion Corporate Finance Limited, a licensed corporation under the SFO permitted to engage in types 1, 4, 6, 9 of the regulated activities as defined in the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders;
“Chan Directors”	Messrs. Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To and Madam Chan Suk Ling, Shirley;
“Chan Family”	Chan Directors and their associates (as defined under the Listing Rules);
“Companies”	collectively, YGM Trading and Yangtzekiang Garment;
“Connected Groups”	YGM Trading Group and Yangtzekiang Garment Group;
“Continuing Connected Transactions”	Garment Sales by Yangtzekiang Garment Group to YGM Trading Group;
“Directors”	the directors of the Company;
“EGM”	extraordinary general meeting of the Company to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on 1 April 2008 at 11:15 a.m., notice of which is set out on page 19 of this circular;
“Garment Sales”	the transaction as described in the section headed “Letter from the Board – Master Agreement” in this circular;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising Messrs. Leung Hok Lim, Wong Lam and Lin Keping;
“Independent Shareholders”	the shareholders of YGM Trading, other than the Chan Family and its associates (as defined under the Listing Rules);
“Latest Practicable Date”	13 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreement”	the master agreement in respect of Garment Sales by YangtzeKiang Garment Group to YGM Trading Group dated 6 March 2008, as described in the section headed “Letter from the Board – Master Agreement” in this circular;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of shares in the Company;
“Shares”	ordinary shares of HK\$0.50 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“YangtzeKiang Garment”	YangtzeKiang Garment Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“YangtzeKiang Garment Group”	YangtzeKiang Garment and its subsidiaries;
“YGM Trading” or the “Company”	YGM Trading Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“YGM Trading Group”	YGM Trading and its subsidiaries; and
“%”	per cent.

LETTER FROM THE BOARD

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

Directors:

Chan Sui Kau *Chairman*
Chan Wing Fui, Peter *Vice Chairman*
Chan Wing Sun, Samuel *Chief Executive Officer*
Chan Suk Ling, Shirley *Managing Director*
Fu Sing Yam, William *Deputy Managing Director*
Chan Wing Kee
Chan Wing To
Leung Hok Lim*
Wong Lam*
Lin Keping*

Registered Office:

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

** Independent Non-Executive Director*

17 March 2008

To the Shareholders of the Company

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**GARMENT SALES BY YANGTZEKIANG GARMENT GROUP TO
YGM TRADING GROUP**

BACKGROUND

The Board, together with the board of directors of YangtzeKiang Garment, announced on 6 March 2008 that YGM Trading Group and YangtzeKiang Garment Group have been carrying out certain transactions in relation to sales and purchases of garment products and licence arrangement. These transactions constitute continuing connected transactions for the Company under the Listing Rules. Details of these transactions, including the Continuing Connected Transactions, have been disclosed.

The purpose of this circular is to provide you with further information relating to the Continuing Connected Transactions, to set out the recommendation of Centurion and the advice of the Independent Board Committee in relation to the Continuing Connected Transactions and the related annual caps, and to give you notice of the EGM at which your approval of the Continuing Connected Transactions and the related annual caps will be sought.

LETTER FROM THE BOARD

MASTER AGREEMENT

As required under Rule 14A.35(1) of the Listing Rules, YGM Trading entered into a master agreement with YangtzeKiang Garment in respect of the Continuing Connected Transactions on 3 August 2005 as disclosed in the joint announcement of the Companies dated 11 August 2005. Since such master agreement will expire on 31 March 2008, as required under Rule 14A.35(1) of the Listing Rules, the Companies have on 6 March 2008 entered into a new master agreement in respect of the Continuing Connected Transactions as described in detail below. The Continuing Connected Transactions are subject to annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Date of Transaction

6 March 2008

Nature of Transaction

YangtzeKiang Garment Group will sell garment products (such as knitwears) ("Garment Products") to YGM Trading Group from time to time for trading purposes during the 3-year period ending 31 March 2011.

Pricing Basis

For the three financial years ending 31 March 2008, the annual trading volume of Garment Products amounted to approximately HK\$45,287,000, HK\$39,805,000 and HK\$36,000,000, respectively.

These garment sales and purchases will be entered into in the ordinary course of business of YGM Trading Group and on terms no less favourable than those available to or from (as the case may be) independent third parties.

The prices and terms of these garment sales and purchases will be agreed between the Connected Groups on an order-by-order basis after arm's length negotiations, taking into account the value and volume of the order, the type and design of the products and any specific requirements under the order.

The Company currently estimates that the annual trading volume of garment products will not exceed the maximum annual cap of HK\$45,000,000, HK\$50,000,000 and HK\$60,000,000 for each of the three financial years ending 31 March 2011 respectively. This estimate was made based on (i) the value of and growth in garment sales and purchases in the previous financial years; (ii) increase in orders for Garment Products currently under negotiation between YGM Trading and existing and new third party customers as compared with the sale and purchase of Garment Products between the Connected Groups during the financial year ending 31 March 2008; and (iii) the estimated growth in market demand for garment products. These sums will be payable in cash by YGM Trading Group to YangtzeKiang Garment Group within 30 days upon issuance of debit notes.

LETTER FROM THE BOARD

As the applicable percentage ratios on an annual basis represent more than 2.5% for the Company and the annual trading volume exceeds HK\$10,000,000, these transactions are subject to annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions provide the Company with additional supplier of garment products. The prices and terms of the Continuing Connected Transactions have been and will be agreed on an order-by-order basis after arm's length negotiations with Yangtzekiang Garment Group taking into account the value and volume of the order, the type and design of the products and any specific requirements under the order. Given the well established relationship between the Companies, the Board considers that the continuation of the Continuing Connected Transactions enables the Company to have an additional reputable manufacture for the products of YGM Trading Group and there is no disadvantage to the YGM Trading Group. It will also be beneficial to the Connected Groups.

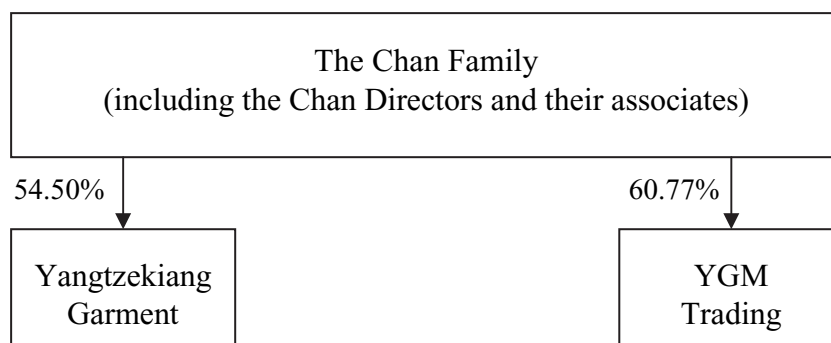
The Directors (including the independent non-executive directors of the Company) confirm that the relevant Continuing Connected Transactions will be conducted in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis, and are fair and reasonable and in the interests of the Shareholders as a whole.

PRINCIPAL BUSINESS OF YGM TRADING GROUP, YANGTZEKIANG GARMENT GROUP AND CONNECTION AMONG THE RELEVANT PARTIES

The principal businesses of YGM Trading Group are manufacturing, retail and wholesale of world-renowned apparel and accessories, property investment and printing.

The principal businesses of Yangtzekiang Garment Group are manufacturing and sale of garment products and textiles and provision of processing services.

The Chan Family's direct and indirect equity interests in each of YGM Trading and Yangtzekiang Garment are summarised as follows:



LETTER FROM THE BOARD

As the Chan Family is beneficially interested in shares representing approximately 60.77% and approximately 54.50% of the issued share capital of YGM Trading and Yangtzekiang Garment, respectively, Yangtzekiang Garment is a connected person of the Company for the purpose of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on 1 April 2008 at 11:15 a.m. is set out on page 19 of this circular. At the EGM, an ordinary resolution will be proposed to approve the Continuing Connected Transactions and the related annual caps.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's registered office at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

In accordance with the Listing Rules, the Chan Family and its associates (as defined under the Listing Rules) will abstain from voting on the resolution to be proposed at the EGM. As at the Latest Practicable Date, the Chan Family together with his associates held an approximately 60.77% interest in the Company.

RECOMMENDATIONS

The Board considers that the terms of the Continuing Connected Transactions and the related annual caps are fair and reasonable and the Continuing Connected Transactions and the related annual caps are in the interests of the Company and its Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 75 of the existing Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

LETTER FROM THE BOARD

- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

ADDITIONAL INFORMATION

The Independent Board Committee, comprising three independent non-executive Directors, namely Messrs. Leung Hok Lim, Wong Lam and Lin Keping, has been formed to advise the Independent Shareholders on how they should vote in relation to the Continuing Connected Transactions and the related annual caps. Centurion has been retained to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions and the related annual caps.

Your attention is drawn to the letter from the Independent Board Committee set out on page 8 of this circular and the letter of advice received from Centurion on pages 9 to 14 of this circular.

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Chan Wing Sun, Samuel
Director

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

17 March 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**GARMENT SALES BY YANGTZEKIANG GARMENT GROUP TO
YGM TRADING GROUP**

We refer to the circular dated 17 March 2008 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Continuing Connected Transactions and the related annual caps and to advise the Independent Shareholders in connection therewith. Centurion has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board set out on pages 3 to 7 of the Circular which contains, among other things, information about the Continuing Connected Transactions and the related annual caps, and to the letter of advice from Centurion set out on pages 9 to 14 of the Circular.

Having taken into account the terms of the Continuing Connected Transactions and the related annual caps and the advice of Centurion, we consider the terms of the Continuing Connected Transactions and the related annual caps to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolution as set out in the notice of the EGM to approve the Continuing Connected Transactions and the related annual caps.

Yours faithfully,

For and on behalf of

Independent Board Committee

Leung Hok Lim

*Independent Non-executive
Director*

Wong Lam

*Independent Non-executive
Director*

Lin Keping

*Independent Non-executive
Director*

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 17 March 2008 for incorporation in this circular:-



CENTURION CORPORATE FINANCE LIMITED 盛百利財務顧問有限公司

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14 -24 Wellington Street 威靈頓街14-24號 (852) 2525 6026
Central, Hong Kong 威靈頓公爵大廈7樓 Facsimile : (852) 2537 7622

17 March 2008

To the Independent Board Committee and
the Independent Shareholders of YGM Trading Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

GARMENT SALES BY YANGTZEKIANG GARMENT GROUP TO YGM TRADING GROUP

INTRODUCTION

We have been engaged to advise the Independent Board Committee and the Independent Shareholders with respect to the terms and conditions of the Continuing Connected Transactions contemplated under the Master Agreement, details of which are outlined in the “Letter From The Board” set out from pages 3 to 7 of the circular dated 17 March 2008 to the Shareholders (“Circular”) of which this letter forms a part. We have been appointed to give an opinion as to whether the terms and conditions of the Master Agreement, the Continuing Connected Transactions contemplated thereunder and the relevant annual caps are of normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Board, together with the board of directors of YangtzeKiang Garment, announced on 6 March 2008 the entering into of the Master Agreement for the reasons set out in the “Letter From The Board”, the transactions contemplated thereunder constitute “Continuing Connected Transactions” of the Company under the Listing Rules. As such, the Master Agreement and the relevant annual caps are subject to the approval of the Independent Shareholders at the EGM. In accordance with the Listing Rules, the Chan Family and its associates (as defined under the Listing Rules) will abstain from voting on the resolution to be proposed at the EGM. In this regard, please refer to the section headed “Extraordinary General Meeting” as set out in the “Letter From The Board” for further details.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms and conditions of the Continuing Connected Transactions and the related annual caps.

The Continuing Connected Transactions under the Master Agreement are also subject to annual review requirements of Rules 14A.37 to 14A.41 of the Listing Rules.

LETTER FROM CENTURION

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained in the Circular and other documents (including but not limited to the Master Agreement and the invoices of certain past knitwear garments purchased by YGM Trading Group) which have been provided to us by the Directors and management of the Company and for which they take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinions and intention made by the Directors and management of the Company in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of YGM Trading Group, we have relied principally on its audited and/or unaudited financial statements, all prepared by the Company and for which the Directors take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial information of YGM Trading Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs of the prospects of the Company, or any of its respective subsidiaries or associates, nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

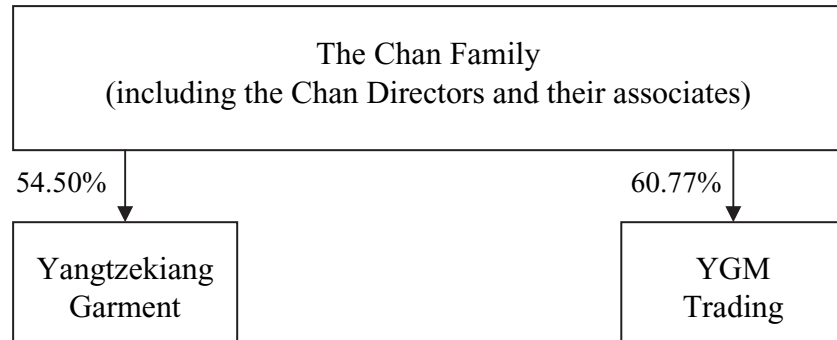
In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

The principal businesses of YGM Trading Group are manufacturing, retail and wholesale of world-renowned apparel and accessories, property investment and printing. The principal businesses of YangtzeKiang Garment Group are manufacturing and sale of garment products and textiles and provision of processing services. As set out in the Company's 2006/07 annual report, the brand portfolio of YGM Trading Group consists of five distinct brands serving a wide spectrum of customer segments, namely Aquascutum, Ashworth, Guy Laroche, Michel René and Charles Jourdan.

LETTER FROM CENTURION

The Chan Family's direct and indirect equity interests in each of Yangtzekiang Garment and YGM Trading are summarised as follows:



As the Chan Family is beneficially interested in shares representing approximately 54.50% and approximately 60.77% of the issued share capital of Yangtzekiang Garment and YGM Trading, respectively, Yangtzekiang Garment is a connected person of the Company for the purpose of the Listing Rules.

The following are summarized income statement information of YGM Trading Group as extracted from its 2006/07 annual report.

	For the year ended 31 March	
	2007	2006
	<i>(HK\$' 000)</i>	<i>(HK\$' 000)</i>
Turnover	1,022,818	1,032,188
Cost of sales/services	(390,827)	(393,965)
Gross profit	631,991	638,223
<i>Gross profit margin</i>	<i>61.8%</i>	<i>61.8%</i>
Profit from operations	120,171	162,199
Profit after taxation	120,044	165,449
Profit attributable to equity shareholders of the Company	118,121	161,913

2. THE MASTER AGREEMENT

2.1 Background information on the Continuing Connected Transactions

YGM Trading entered into a master agreement with Yangtzekiang Garment in respect of the Continuing Connected Transactions on 3 August 2005 as disclosed in the joint announcement of the Companies dated 11 August 2005. Since such master agreement will expire on 31 March 2008, as required under Rule 14A.35(1) of the Listing Rules, the Companies have on 6 March 2008 entered into a new master agreement, namely the Master Agreement, in respect of the Continuing Connected Transactions.

LETTER FROM CENTURION

Under the Master Agreement, YangtzeKiang Garment Group will sell garment products (such as knitwears) (“Garment Products”) to YGM Trading Group from time to time for trading purposes during the 3-year period ending 31 March 2011.

2.2 *Historical values of the Continuing Connected Transactions*

As set out in the circular of the Company dated 1 September 2005, the maximum annual caps then sought and approved were as follows:-

	For the year ended/ ending 31 March		
	2006	2007	2008
Previous annual caps sought and approved	HK\$50,000,000	HK\$60,000,000	HK\$70,000,000

As set out in the announcement of the Company any dated 6 March 2008, the actual trading volumes of Garment Products for the three years ending 31 March 2008 are as follows:-

	For the year ended/ ending 31 March		
	2006	2007	2008
Actual trading volumes	HK\$45,287,000	HK\$39,805,000	HK\$36,000,000

We have sought explanation from the Company in respect of the relatively large shortfall of the actual trading volume of the Garment Products when viewed against the approved annual cap for each of the two years ended/ending 31 March 2008 and we understand that such lower trading volume was mainly a result of certain sales performing behind original expectation.

For each of the two years ended 31 March 2007, the actual volume of the Garment Products set out above accounted for approximately 11.5% and 10.2% respectively, of the total audited cost of sales/ services incurred by YGM Trading Group.

2.3 *New annual caps sought and bases for such caps*

The Company currently estimates that the annual trading volume of garment products will not exceed the following maximum annual cap for each of the three financial years ending 31 March 2011 respectively:-

	For the year ending 31 March		
	2009	2010	2011
Annual caps currently sought	HK\$45,000,000	HK\$50,000,000	HK\$60,000,000

LETTER FROM CENTURION

As set out in the “Letter From The Board”, this estimate was made based on (i) the value of and growth in garment sales and purchases in the previous financial years; (ii) increase in orders for Garment Products currently under negotiation between YGM Trading and existing and new third party customers as compared with the sale and purchase of Garment Products between the Connected Groups during the financial year ending 31 March 2008; and (iii) the estimated growth in market demand for garment products. The payment sums under these caps will be payable in cash by YGM Trading Group to YangtzeKiang Garment Group within 30 days upon issuance of debit notes or invoices.

Whilst the annual cap for the year ending 31 March 2009 represents a 25% increase from the actual volume of Garment Products expected to be purchased by YGM Trading Group from YangtzeKiang Garment Group for the year ending 31 March 2008, we consider the abovementioned bases for such cap estimates to be reasonable. In particular, we have noted the abovementioned estimated growth in market demand for garment products as one of the bases for such cap estimates.

2.4 Terms of the Continuing Connected Transactions

As set out in the “Letter From The Board”, the sales and purchases of the Garments Products (i) will be entered into in the ordinary course of business of YGM Trading Group and on terms no less favourable than those available to or from (as the case may be) independent third parties; and (ii) the prices and terms of such sales and purchases will be agreed between the Connected Groups on an order-by-order basis after arm’s length negotiations, taking into account the value and volume of the order, the type and design of the products and any specific requirements under the order.

In order to satisfy ourselves that the terms of the Continuing Connected Transactions contemplated under the Master Agreement will be, in general, entered into in the ordinary course of business and on terms no less favourable than those available to or from (as the case may be) independent third parties, we have reviewed certain past invoices for the purchases of the Garments Products by YGM Trading Group from YangtzeKiang Garment Group and independent third parties. Having taken into consideration the rapidly changing trend in fashion apparel and the potential uniqueness of each of such purchases, our findings are that such historical purchases of the Garment Products from YangtzeKiang Garment Group contain prices and terms which are, in general, in line with those purchases from independent third parties.

As a result, we are in concurrence with the Board that the Continuing Connected Transactions will be entered into in the ordinary course of business of YGM Trading Group and on terms no less favourable than those available to or from (as the case may be) independent third parties and the prices and terms of such sales and purchases will be agreed after arm’s length negotiations.

LETTER FROM CENTURION

3. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Board is of the view that the Continuing Connected Transactions provide the Company with additional supplier of garment products. The prices and terms of the Continuing Connected Transactions have been and will be agreed on an order-by-order basis after arm's length negotiations with Yangtzekiang Garment Group, taking into account the value and volume of the order, the type and design of the products and any specific requirements under the order. Given the well established relationship between the Companies, the Board considers that the continuation of the Continuing Connected Transactions will be beneficial to the Connected Groups.

Having considered the historical relationship between the Companies, their respective business focus and manufacturing capability, we are in concurrence with the reasons for the Continuing Connected Transactions as cited by the Board.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the terms and conditions of the Master Agreement and the relevant annual caps are on normal commercial basis, are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Master Agreement and the Continuing Connected Transactions (including the annual caps) contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors individually and collectively accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and 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 and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, were as follows:

(i) Directors' interests in shares of the Company:

Name of Director	Number of Shares			
	Personal interests (i)	Family interests	Corporate interests	Other interests
Chan Sui Kau	4,929,272	214,368	3,840,820	(ii)
Chan Wing Fui, Peter	324,068	3,820,420	–	(ii), (iii) & (iv)
Chan Wing Sun, Samuel	2,072,072	–	7,291,144	(ii), (iii) & (iv)
Chan Suk Ling, Shirley	3,613,544	16,000	–	(ii), (iii) & (iv)
Fu Sing Yam, William	900,462	–	–	(ii)
Chan Wing Kee	3,692,776	819,404	–	(ii), (iii), (iv) & (v)
Chan Wing To	4,144,736	–	–	(ii), (iii), (iv) & (v)

Notes:

- (i) These shares are registered under the name of the respective Directors and chief executives who are the beneficial owners.
- (ii) 29,601,700 shares of the Company were held by Chan Family Investment Corporation Limited (which is owned by Messrs. Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To and Fu Sing Yam, William, Madam Chan Suk Ling, Shirley and other members of the Chan family) and its subsidiaries.
- (iii) 24,595,908 shares of the Company were held by Canfield Holdings Limited, which is beneficially owned by Messrs. Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.

- (iv) 2,917,480 shares of the Company were held by Hearty Development Limited which is beneficially owned by Messrs. Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.
- (v) 1,597,000 shares of the Company were held by Super Team International Limited which is beneficially owned by Messrs. Chan Wing Kee, Chan Wing To and other members of the Chan family.

(ii) *Directors' interests in share options granted by the Company:*

Pursuant to a share option scheme adopted by the Company on 23 September 2004, the Company had on 17 January 2005 granted to certain Directors the rights to subscribe for Shares at an exercise price of HK\$12.10 per Share exercisable during the period from 16 February 2005 to 15 February 2015 (both days inclusive), details of which are as follows:

<u>Name of Director</u>	<u>Number of share options</u>
Chan Sui Kau	1,000,000
Chan Wing Fui, Peter and his spouse	1,500,000
Chan Wing Sun, Samuel	1,200,000
Chan Suk Ling, Shirley	1,500,000
Fu Sing Yam, William	1,200,000
Chan Wing Kee	800,000
Chan Wing To	500,000
Leung Hok Lim	100,000
Wong Lam	25,000
Lin Keping	25,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Company's chief executive, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

- (B) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2007 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of YGM Trading Group, or which are proposed to be acquired or disposed of by or leased to any member of YGM Trading Group;
- (C) As at the Latest Practicable Date, none of the Directors are materially interested in any contract or arrangement which was significant in relation to the business of YGM Trading Group taken as a whole.

(D) Substantial Shareholdings

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the YGM Trading Group or any options in respect of such capital as at the Latest Practicable Date.

3. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competed or was likely to compete with the business of YGM Trading Group.

4. EXPERT AND CONSENT

- (a) The following is the qualification of the expert which has given its advice contained in this circular:

Name	Qualifications
Centurion Corporate Finance Limited	Licensed corporation under the SFO permitted to engage in types 1, 4, 6, 9 of the regulated activities as defined in the SFO

- (b) Centurion does not have any shareholding, direct or indirect, in any member of YGM Trading Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of YGM Trading Group.
- (c) Centurion has given and has not withdrawn its written consent to the issue of this circular with the inclusion of their letter and references to its name in the form and context in which they are included.
- (d) Centurion does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of YGM Trading Group, or which are proposed to be acquired or disposed of by or leased to any member of YGM Trading Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Company were made up.
- (e) The letter given by Centurion is given as of the date of this circular for incorporation herein.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of YGM Trading Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of YGM Trading Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. CORPORATE INFORMATION

- (a) The secretary of the Company is Mr. Leung Wing Fat, *FCCA* and *FCPA*.
- (b) The registered office, head office and principal place of business in Hong Kong is 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.
- (c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

8. LANGUAGE

In the event of inconsistency, the English text of this circular and the form of proxy shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong during normal business hours up to and including 1 April 2008:—

- (a) a standard contract for purchase of garments by YGM Trading Group from Yangtzekiang Garment Group;
- (b) Master Agreement in respect of Garment Sales by Yangtzekiang Garment Group to YGM Trading Group dated 6 March 2008;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 8 of this circular; and
- (d) the letter from Centurion, the text of which is set out on pages 9 to 14 of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of YGM Trading Limited (the “Company”) will be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on 1 April 2008 at 11:15 a.m. for purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the Continuing Connected Transactions (as defined in the circular to the shareholders of YGM Trading Limited dated 17 March 2008 (the “Circular”), a copy of which has been produced to the meeting marked “A” and signed by the Chairman hereof for the purpose of identification) and the related annual caps in respect of each of the three financial years ending 31 March 2011 be and are hereby approved, and the Directors of the Company be and are hereby authorised to execute all such documents and do all such acts as they may in their absolute discretion consider expedient, necessary or desirable to give effect to the transactions contemplated under the Continuing Connected Transactions.”

By Order of the Board
Leung Wing Fat
Company Secretary

Hong Kong, 17 March 2008

Notes:

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of himself. A proxy need not be a member of the Company.*
- 2. In the case of the joint holders of shares in the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares alone shall be entitled to vote in respect thereof.*
- 3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be).*
- 4. A form of proxy is enclosed herewith.*

As at the date of this notice, the board of directors of the Company consists of seven Executive Directors, namely, Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Suk Ling, Shirley, Fu Sing Yam, William, Chan Wing Kee, Chan Wing To; and three Independent Non-executive Directors, namely, Leung Hok Lim, Wong Lam and Lin Keping.

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