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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00375)

DISCLOSEABLE TRANSACTION

ACQUISITION OF BUSINESS AND ASSETS OF AQUASCUTUM BRAND AND RESUMPTION OF TRADING

THE ACQUISITION

On 9 May 2012, the Buyers entered into the Acquisition Agreement pursuant to which the Seller and the Administrators have agreed to sell and the Buyers have agreed to acquire the Business and Assets from the Seller at a consideration of £15,000,000 (approximately HK\$188,170,500).

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 10 May 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 11 May 2012.

BACKGROUND

On 8 September 2009, the Group completed the acquisition of all right, title and interest in the Intellectual Property Rights of “Aquascutum” brand in relation to the Asian Territories at a cash consideration of £13,700,000.

On 1 May 2012, the Company announced that a subsidiary of the Company entered into the Exclusivity Agreement with the Seller and the Administrators pursuant to which the Company was granted the exclusivity period commencing on 1 May 2012 and ending at 5:00 p.m. (London time) on 9 May 2012 to negotiate the terms of a sale and purchase agreement and ancillary document in connection with acquisition of Business and Assets of “Aquascutum” brand in consideration of the payment of a non-refundable deposit of £500,000 (approximately HK\$6,272,000) which will form part of the Consideration upon the Completion.

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THE ACQUISITION AGREEMENT

Date: 9 May 2012

Parties:

- (1) the Seller;
- (2) the Administrators; and

(3) the Buyers

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller and the Administrators and their respective ultimate beneficial owners are third parties independent of the Company and any connected persons (as defined in the Listing Rules) of the Company.

Acquisition

Pursuant to the Acquisition Agreement, the Buyers shall acquire the Business and the Assets. The Completion took place on the Transfer Date.

Consideration

The Consideration shall be £15,000,000 (approximately HK\$188,170,500) and was negotiated on an arm's length basis among the parties of the Agreement and based upon the future earning potentials of "Aquascutum" brand taking into account the substantial value of the internationally renowned "Aquascutum" brand. The Consideration was satisfied by the Group's internal resources.

INFORMATION ON SELLER, BUSINESS AND ASSETS

According to the information provided by the Seller, the Seller is principally engaged in manufacturing, designing, wholesale distributing, marketing and licensing of major consumer branded products primarily in apparel and accessories, including luxury apparel and clothing under "Aquascutum" brand, in major global markets (except the Asian Territories).

The "Aquascutum" brand has over 160 years of history. It is positioned as an up-market brand and targets entrepreneurs, professionals and executives.

The Administrators were appointed as joint administrators of the Seller by the holder of a qualifying floating charge on 17 April 2012 pursuant to paragraph 14 of Schedule B1 to the Insolvency Act 1986.

The Seller (acting by the Administrators) has agreed to sell such right, title and interest as it may have in the Business and Assets on the basis that it is a transfer of the Business as a going concern to the Buyers with effect from the Transfer Date.

According to the financial information provided by the Seller, the audited total asset value of the Seller (which, for the avoidance of doubt, includes the Excluded Assets) was recorded at approximately £9,054,000 (approximately HK\$113,580,000) as at 28 February 2010. The Seller has a net liability of approximately £13,456,000 (approximately HK\$168,801,000) as at 28 February 2010. Since the balance sheets of the Seller as at 28 February 2011 and 29 February 2012 have not been made available to the Buyers during the due diligence process, the latest value of the Assets is not available.

According to the financial information provided by the Seller, the unaudited net losses before and after tax attributable to the Seller (which, for the avoidance of doubt, includes the Excluded Assets) for the year ended 28 February 2011 were approximately £11,786,000 (approximately HK\$147,852,000) and approximately £11,775,000 (approximately HK\$147,714,000) respectively, and, for the year ended 29 February 2012 were approximately £4,444,000 (approximately HK\$55,749,000) and approximately £4,475,000 (approximately HK\$56,138,000) respectively.

REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT

The principal businesses of the Group are manufacturing, retail and wholesale of world-renowned apparel and accessories, licensing of trademarks, printing and related services and property rental.

The Board considers that the "Aquascutum" brand has been a part of London city life since its establishment in 1851. Its heritage is rooted in excellent British tailoring and it has always had a keen eye on fashion, creating an understated elegance and stylishly luxurious look. Its sartorial confidence,

authentic quality and fine craftsmanship shown in the faultless attention to detail is trusted throughout the world. Aquascutum is positioned as an up-market brand and targets entrepreneurs, professionals and executives. Aquascutum's high standard of service is also well recognised.

The Directors are of the view that the Acquisition is beneficial to the Group as the subject matter is an internationally established and leading brand and there are substantial potential for its future development. Leveraging on the cross-boarder synergy created by the Acquisition through the outright ownership of the internationally renowned "Aquascutum" brand worldwide, the Group can tap into the potential growth of the business generated by the enhanced brand value of the "Aquascutum" franchise.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition and the Acquisition Agreement were negotiated on an arm's length basis and agreed on normal commercial terms between the parties and that the terms of the Acquisition Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the best interest of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENT

As one or more of the relevant percentage ratios for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 10 May 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 11 May 2012.

DEFINITIONS

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

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| "Acquisition" | the proposed acquisition by the Buyers of Business and Assets |
| "Acquisition Agreement" | the agreement for the sale of the Business and Certain Assets of Aquascutum Limited (in administration) dated 9 May 2012 entered into between the Seller, the Administrators and the Buyers |
| "Seller" | Aquascutum Limited (in administration), a company incorporated in England and Wales with limited liability, acting by the Administrators |
| "Administrators" | Geoffrey Paul Rowley and Philip Lewis Armstrong |
| "AIL" | Aquascutum International Licensing Limited, a company incorporated under the laws of England and Wales and a wholly-owned subsidiary of AL |
| "AQ 1851" | Aquascutum (1851) Limited, a company incorporated under the laws of England and Wales and a wholly-owned subsidiary of the Company |
| "AL" | Aquascutum Limited (formerly YGM Mart Limited), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company |

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| “Asian Territories” | a total of 42 countries and regions in Asia including, but not limited to, PRC, Hong Kong, Japan, Indonesia, India, the Philippines, Malaysia, Thailand, Taiwan, Singapore, Brunei, and Macau |
| “Assets” | <p>all of the Seller's right title and interest in the following assets of the Business with the intention that such sale shall include a transfer of the Business as a going concern with effect from the Transfer Date:</p> <ol style="list-style-type: none"> 1. the stock-in-trade of the Business including, among others, raw materials, finished goods, work-in-progress and packaging and promotional material in connection with the Business at the Transfer Date but excluding the stock supplied to the Seller under retention of title arrangements; 2. business information including all customer details and suppliers details, personnel, sales and technical information, and all other documentation and commercial information relating to the Business and the Assets; 3. plant, machinery, equipment and any other chattels used in connection with the Business; 4. the goodwill of the Business; 5. the Intellectual Property Rights (other than the Trade Marks and the domain names owned by the Seller); 6. the Trademarks; 7. the domain names; 8. the benefit of the orders, contracts or engagements for the supply of goods and/or services to the Seller's customers; 9. the work-in-progress of goods and services in connection with the Business; and 10. the Seller's archive of previous and historical garments, designs, materials and other information |
| “Business” | the clothing retail and concession business in the United Kingdom as carried on by the Seller as at the Transfer Date |
| “Buyer” | each of the Buyers |
| “Buyers” | AL, AIL and AQ 1851 collectively |
| “Completion” | completion of the Acquisition |
| “Company” | YGM Trading Limited, a company incorporated under the laws of Hong Kong and the shares of which are listed on the Stock Exchange |
| “Consideration” | the consideration for Acquisition |
| “Directors” | the directors of the Company |
| “Excluded Assets” | the assets and rights of the Seller which do not form part of the Assets in connection with the Acquisition, such excluded assets include 14 retail concessions operated by the Seller, 7 leasehold properties in the United Kingdom, the Excluded Premises, all accepted bills and notes, cash, deposits, insurance policies, book debts, stocks which are subject to retention of title arrangements, company records, administrators' records, value added tax records, other interest and benefits of the Seller, etc. |

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| “Excluded Premises” | all premises occupied or owned by the Seller other than 7 leasehold properties in the United Kingdom |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Intellectual Property Rights” | patents, trademarks, service marks, domain names, “Aquascutum”, logos, registered designs, utility models, rights to sue for passing off, unfair competition rights, inventions, know how, trade secrets and rights in confidence, unregistered trade marks and service marks, trade and business names, including rights in any get-up or trade dress, copyrights, (including rights in computer software and in websites) unregistered design rights and other rights in designs and rights in databases (whether or not any of the foregoing is registered and including applications for and the right to make applications for registration of any of such rights) and all rights and/or forms of protection of a similar nature or having equivalent or similar effect to any of these throughout the world, or rights under licences, agreements, consents, orders statutes or otherwise in respect of any rights stated above |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “PRC” | the People’s Republic of China |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Trademarks” | the registrations of, pending applications to register and all unregistered trademark rights in all trademarks owned by the Seller on Transfer Date |
| “Transfer Date” | 9 May 2012 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |
| “£” | pound, the lawful currency of the United Kingdom |

By order of the board of Directors
YGM TRADING LIMITED
Chan Wing Fui Peter
Chairman

Hong Kong, 10 May 2012

Unless otherwise specified herein, translations of £ into HK\$ are made for illustration purposes at the rate of £1 = HK\$12.5447.

As at the date of this announcement the Board comprises seven Executive Directors, namely Dr. Chan Sui Kau, Mr. Chan Wing Fui Peter, Mr. Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Mr. Fu Sing Yam William, Mr. Chan Wing Kee and Mr. Chan Wing To; and three Independent Non-executive Directors, namely Mr. Leung Hok Lim, Mr. Lin Keping and Mr. Sze Cho Cheung Michael.