
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.

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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) TERMINATION OF PURCHASE MASTER AGREEMENT;
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 5 to 37 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 38 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 39 to 69 of this circular.

The EGM will be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Friday, 26 June 2026 at 2:30 p.m.. The notice of the EGM is set out on pages EGM-1 to EGM-2 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.

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DEFINITIONS

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

“2025 EGM”	the extraordinary general meeting of the Company held on 4 November 2025 to consider and, if thought fit, approve, among other things, the 2025 SPA and the 2025 DML Agreement and the respective transactions contemplated thereunder (including the related annual caps under the 2025 DML Agreement)
“2025 DML Agreement”	the proposed exclusive distribution and manufacturing license agreement to be entered into between YGM Retail and YGM Marketing and take effect upon completion of the disposal under the 2025 SPA, which was not proceeded as the condition of obtaining requisite Independent Shareholders’ approval at the 2025 EGM was not fulfilled
“2025 Proposal”	the proposal comprising the 2025 SPA and the 2025 DML Agreement, which was not proceeded as the condition of obtaining requisite Independent Shareholders’ approval under the 2025 SPA and the 2025 DML Agreement at the 2025 EGM was not fulfilled
“2025 SPA”	the conditional share purchase agreement dated 11 September 2025 entered into among the Vendors, the Debt Vendor and Citimark in relation to the sale of the entire issued shares in YGM Retail and the assignment of the then non-interest bearing loan repayable by YGM Retail to the Debt Vendor, which was not proceeded as the condition of obtaining requisite Independent Shareholders’ approval at the 2025 EGM was not fulfilled
“Annual Caps”	the annual caps presently proposed under the Proposal for the purchase of the Products of HK\$9,900,000, HK\$9,900,000 and HK\$9,900,000 for each of the years ending 31 March 2027, 31 March 2028 and 31 March 2029, 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.)
“Citimark”	Citimark Trading Limited, a company incorporated in Hong Kong with limited liability

DEFINITIONS

“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 30 June 2026
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	aggregate consideration of the Disposal
“Contemplated CCTs”	the transactions involving the purchase of the Products by YGM Marketing from Citimark contemplated under the DML Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares and the assignment of the Sale Loan pursuant to the SPA
“DML Agreement”	the non-exclusive distribution and manufacturing license agreement to be entered into between YGM Retail, YGM Marketing and Citimark which will take effect immediately upon Completion
“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 Friday, 26 June 2026 at 2:30 p.m. to consider and, if thought fit, approve, among other things, the SPA and the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps) and the respective transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Proposal including the SPA and the DML Agreement (together with the Contemplated CCTs and 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 Proposal, including the SPA and the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps)
“Independent Shareholders”	the Shareholders who do not have material interest in the transactions contemplated under the Proposal, including the SPA and the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps)

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Latest Practicable Date”	8 June 2026, 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. J. Chan”	Mr. Chan Ka Shun, Jason
“Mr. M. 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
“Products”	any garments, apparel, and casual merchandise designed and manufactured in connection with the Ashworth IP
“Proposal”	the proposal comprising (i) the Disposal; and (ii) the DML Agreement to be entered into among YGM Retail, YGM Marketing and Citimark, which will take effect immediately upon Completion, together with the transactions contemplated thereunder (including the Contemplated CCTs and the proposed Annual Caps)
“Purchase Master Agreement”	the purchase master agreement dated 31 December 2025 entered into between YGM Marketing and Citimark regarding the purchase of garment and other products by YGM Marketing from Citimark, details of which are set out in the announcement of the Company dated 31 December 2025
“Purchaser”	Chanson (HK) Limited, a company incorporated in Hong Kong with limited liability
“Sale Loan”	the non-interest bearing loan repayable by YGM Retail to the Debt Vendor on demand, from time to time, which as at 31 January 2026 amounted to HK\$31,825,420 and will not exceed the amount of HK\$32,000,000 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 conditional share purchase agreement dated 11 March 2026 entered into among the Vendors, the Debt Vendor and the Purchaser in relation to the Disposal

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement to be entered into between YGM Marketing and Citimark upon Completion in relation to the termination of the Purchase Master Agreement
“Valuation”	the valuation of 100% equity interest in YGM Retail as at the Valuation Date by the Valuer
“Valuation Date”	31 January 2026
“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 Directors:

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

11 June 2026

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) TERMINATION OF PURCHASE MASTER AGREEMENT;
AND
(4) NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 11 March 2026 in relation to the Proposal including, among others, the entering into of the SPA and the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps).

The purpose of this circular is to provide you with information of the Proposal including, 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 (together with the Contemplated CCTs and 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 and the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps); (iv) other information as required under the Listing Rules; and (v) a notice of the EGM.

LETTER FROM THE BOARD

II. THE PROPOSAL

The Board wishes to put forward the Proposal for consideration by the Shareholders, which comprises:

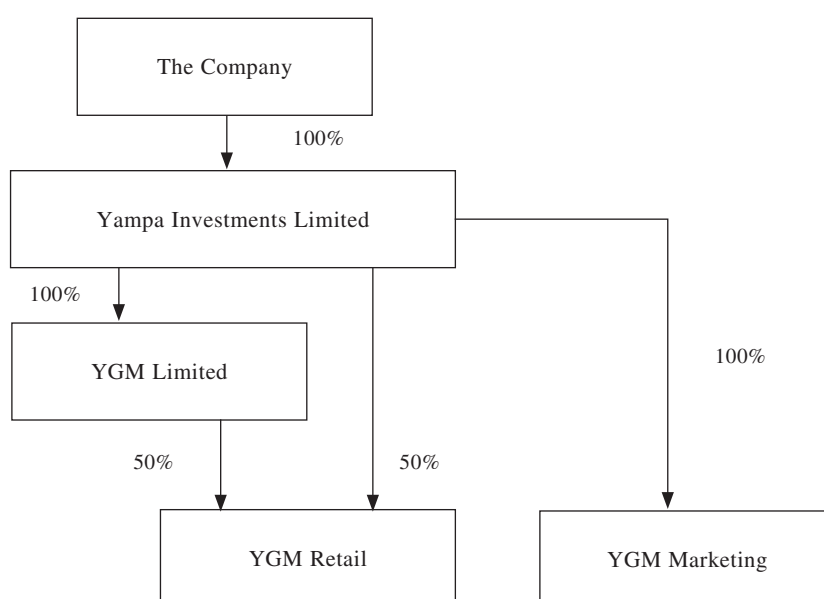
- (i) the Disposal involving the sale of the Sale Shares and the assignment of the Sale Loan pursuant to the SPA; and
- (ii) the DML Agreement to be entered into among YGM Retail, YGM Marketing and Citimark upon Completion, pursuant to which YGM Retail will grant to YGM Marketing non-exclusive rights in relation to the Ashworth IP in Hong Kong and Macau (including the Contemplated CCTs and the proposed Annual Caps).

The Proposal, taken as a whole, forms an integral part of the Group's strategy to realise its investment in YGM Retail while enabling the Group to continue the distribution and sale of Ashworth-branded products in Hong Kong and Macau following Completion. Set out below is a summary of the SPA and the DML Agreement.

On 11 March 2026, 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, YGM Marketing and Citimark entering into the DML Agreement, pursuant to which, (a) YGM Retail shall grant to YGM Marketing (i) a non-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; and (b) YGM Retail authorises Citimark to sell the Products to YGM Marketing from time to time. The DML Agreement is for a term of three years and shall be immediately effective from the Completion Date.

The shareholding structure of YGM Retail as at the Latest Practicable Date was as follows:



Upon Completion, YGM Retail will be directly wholly owned by the Purchaser.

LETTER FROM THE BOARD

III. THE DISPOSAL

The SPA

The principal terms of the SPA are summarised below:

Date: 11 March 2026

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

The Debt Vendor: The Company

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

As at the Latest Practicable Date, the first 10% of the Consideration referred to in (i) above had been paid by the Purchaser upon signing of the SPA.

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, YGM Marketing and Citimark which will take effect immediately upon Completion.

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

LETTER FROM THE BOARD

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.

Completion date: The fifth (5th) Business Day after the conditions to the SPA have been fulfilled (or such other date as agreed by the parties), but such date shall not extend beyond 30 June 2026.

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. The two companies together hold the entire issued share capital of YGM Retail, being the Sale Shares.

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 50% by Mr. M. Chan and 50% by Mr. J. Chan. Mr. M. 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. M. Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. J. Chan is a deemed connected person under Chapter 14A of the Listing Rules and is (i) a son of Mr. M. Chan; and (ii) a nephew of Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, and a first cousin once removed to Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, each an executive Director. As a result, the Purchaser is a connected person of the Company.

Each of Mr. M. Chan and Mr. J. Chan is a merchant. Mr. M. 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. J. Chan, the son of Mr. M. Chan, also has extensive experience in managing branded apparel business and has established various online sales channels in the PRC.

LETTER FROM THE BOARD

Mr. M. Chan and Mr. J. Chan are also the owners of 75% and 25% equity interest in Citimark, respectively. Citimark was granted an exclusive right by YGM Retail under a trademark license agreement commencing in June 2024 to use the Ashworth IP in the PRC market. In December 2025, Citimark and YGM Marketing, a wholly-owned subsidiary of the Company, entered into the Purchase Master Agreement for the purchase of garment and other products by YGM Marketing from Citimark and a sales master agreement for the sales of garment and other products by YGM Marketing to Citimark. Further information of YGM Marketing and Citimark is set out in the sections headed “Information of YGM Marketing” and “Information of Citimark” below in this circular.

Information of the Sale Shares and YGM Retail

The Sale Shares represent 100% of the issued share capital of YGM Retail, a limited liability company incorporated in Hong Kong. As at the Latest Practicable Date, it was held by the Company as to 50% through YGM Limited and 50% through Yampa Investments Limited.

Business and operation

The principal business of YGM Retail is trademark ownership and licensing. It owns all the Ashworth IP, an iconic golf label, 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 brands or intellectual property rights other than the Ashworth IP.

YGM Retail acquired the global intellectual property rights of Ashworth in September 2019 for a consideration of US\$4.0 million (equivalent to approximately HK\$31,392,000). Prior to this, YGM Retail had been the company licensed with the exclusive right to operate Ashworth branded golf and sporting apparel and accessories in Hong Kong, Macau, the PRC and Taiwan since 1998, while the operation, manufacturing, sale and marketing and retailing of the merchandise was undertaken by YGM Marketing, another wholly-owned subsidiary of the Company and a fellow subsidiary of YGM Retail, as part of the Group’s operations.

The Group had acquired the Ashworth IP with the intention of developing the Ashworth licensing business overseas. In 2022, YGM Retail entered into a trademark license agreement (the “**Trademark License Agreement**”) separately with three independent entities, each of which was granted the exclusive right as a licensee of the Ashworth IP (the “**Licensee**”) in their respective designated territories, namely the United States (“**US**”), United Kingdom (“**UK**”) and the Republic of Korea (“**South Korea**”).

In 2024, seeing that the PRC market of the Group post-2019 COVID time had not recovered as originally expected, the Company changed its business strategy from operating the Ashworth retail operations in the PRC within the Group to licensing the Ashworth IP to another operator. On 5 February 2024, Citimark and YGM Retail entered into a trademark license agreement (the “**PRC Trademark License Agreement**”) and a consignment agreement (the “**Consignment Agreement**”). Pursuant to the PRC Trademark License Agreement, YGM Retail has granted to Citimark the exclusive right to use the Ashworth IP in the PRC with effect from 1 June 2024. Pursuant to the Consignment Agreement, YGM Retail would consign to Citimark its remaining inventory held by the Group in the PRC for sale on behalf of YGM Retail in the PRC after the PRC Trademark License Agreement had become effective and up to 31 May 2026. Citimark’s license includes (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 (a) design the Ashworth branded products in any part of the world; and (b) manufacture and have manufactured Ashworth branded products in the PRC for a term of five years from

LETTER FROM THE BOARD

1 June 2024 to 31 May 2029, which agreement is renewable subject to the parties further agreeing on (i) minimum royalty amount for the renewed period; and (ii) Citimark having met the minimum sales amount agreed in the PRC Trademark License Agreement. Details of the PRC Trademark License Agreement and the Consignment Agreement are set out in the announcement of the Company dated 5 February 2024. Upon Completion, the Group will no longer have any interests in YGM Retail.

Generally speaking, for all the four Trademark License Agreements entered into by YGM Retail, the Licensees pay YGM Retail royalty fees based on the sales/purchase (as the case may be) amounts required to be made by the Licensees on an escalating scale over the term of their respective agreements. A non-refundable minimum royalty is payable by the Licensees to YGM Retail for each twelve month period during the term of the respective agreements. If the royalty fee of a Licensee exceeds the minimum royalty in a particular year, the Licensee will pay such excess royalty to YGM Retail according to the terms agreed under their respective Trademark License Agreements.

The Trademark License Agreement for the U.S. territory has an initial term of 10 years from April 2022 to March 2032. The Trademark License Agreement for the UK territory has an initial term of 10 years from May 2022 to April 2032. The Trademark License Agreement for the South Korea territory had an initial term of 3.5 years from July 2022 to January 2026. Upon expiry of the initial term, the aforesaid Trademark License Agreements are or were renewable for additional terms, subject to the satisfaction of certain conditions including, among others, the achievement of applicable minimum sales/purchase amounts and/or adjustments to the minimum royalty fee for the relevant renewal term, as stipulated in the respective license agreements. In January 2026, the initial 3.5-year term of the South Korean Licensee expired and was not renewed. As at the Latest Practicable Date, the remaining Licensees included the US Licensee, UK Licensee and PRC Licensee (i.e. Citimark).

Following the PRC Trademark License Agreement becoming effective as mentioned above, YGM Marketing has remained as the sole operator of the Products for the Hong Kong and Macau markets for the Group. As a condition of the Completion, YGM Retail (as licensor) will enter into the DML Agreement with YGM Marketing (as licensee) and Citimark (as a party authorised to sell), whereby (i) YGM Marketing will become a non-exclusive Licensee with the right to use the Ashworth IP in Hong Kong and Macau. As part and parcel of the Disposal, YGM Marketing will not be required to pay any royalty fees to YGM Retail for such rights; and (ii) YGM Retail will authorise Citimark to sell Products to YGM Marketing from time to time for distribution and sale in Hong Kong and Macau. For details of the DML Agreement, please refer to the section headed “The DML Agreement” below.

LETTER FROM THE BOARD

Key financial information

Set out below is the key financial information of YGM Retail for the three financial years ended 31 March 2023, 2024 and 2025 and the 10 months ended 31 January 2026 (the “**Period**”):

	For the year ended			For the 10 months ended
	31 March 2023	31 March 2024	31 March 2025	31 January 2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	1,779	1,831	4,455	4,357
Profit/(Loss) before taxation	584	2	(222)	2,077
Profit/(Loss) after taxation	584	2	(222)	2,077

The unaudited net assets of YGM Retail amounted to approximately HK\$133,000 as at 31 January 2026.

As discussed above, YGM Retail derived its revenue from royalty payments made by the US, UK, South Korea and PRC Licensees. During the Period, except for the year ended 31 March 2024 where the UK Licensee paid royalty fee in excess of its prescribed minimum royalty fee level, all four Licensees paid minimum royalty amounts only as the royalty fees calculated by reference to their actual sales or purchase amounts did not exceed the prescribed minimum royalty levels under their respective license agreements.

For the year ended 31 March 2025, YGM Retail’s revenue increased by approximately HK\$2.6 million as compared to the previous year. This was mainly due to (i) an increase in the minimum royalty amounts payable by the Licensees for the US and UK markets pursuant to the escalating scale set out in their respective Trademark License Agreements; and (ii) contribution of royalty amount from Citimark as new Licensee for the PRC market starting from June 2024. However, the increase in revenue was largely offset by a significant amount of marketing and advertising expenses of over HK\$2.5 million incurred during the year to promote the Ashworth IP in Hong Kong and Macau. In an effort to present a more versatile offerings of the Products, in September 2024 Ashworth brand launched a grand marketing and promotional campaign in Hong Kong for new collections with trendier and more fashionable apparel, appealing to younger generation of golf players and causal wear consumers for the Asian market. Such marketing and advertising expenses comprised (i) fashion show promotion expenses; (ii) brand promotion and media advertising expenses; (iii) promotion expenses sponsored to artists; and (iv) display expenses sponsored to the licensees. Disappointingly, the aforesaid marketing and promotional campaign did not achieve its original marketing targets. As a result, YGM Retail recorded a net loss for the year, as compared with a breakeven position in the previous year.

LETTER FROM THE BOARD

For the year ended 31 March 2026, YGM Retail strategically withheld big scale marketing and promotional budget in order to re-assess the market trend and re-position itself in the competitive environment. For the 10 months ended 31 January 2026, YGM Retail recorded an improvement in profit, which was mainly attributable to the absence of marketing and advertising expenses as referred to above. The results for the 10 months ended 31 January 2026 included royalty fee received from the South Korea Licensee of approximately HK\$1.2 million, which represented about 27% of the total revenue of YGM Retail for the same period. As the Trademark License Agreement for South Korea expired in January 2026, royalty income from South Korea ceased thereafter. As at the Latest Practicable Date, YGM Retail has not yet identified any potential candidates for licensing the South Korea market.

It is noted that other than the marketing and promotional campaign expenses incurred for the year ended 31 March 2025, running costs comprising management, personnel and other administrative expenses of approximately HK\$2 million constituted a major part of the costs of YGM Retail over the Period. Given that these expenses are overheads required to run a normal operation for the licensing business, the profitability of YGM Retail depends largely on scale of operation to expand its market coverage for other territories beyond the existing ones in US, UK and PRC so that the relatively fixed running costs incurred by YGM Retail would become more economical.

The management of the Group considers it imperative for YGM Retail to strengthen its brand building and market position in order to expand its geographical coverage and secure new Licensees. To this end, and in view of the changing market conditions and consumer preferences, the management of the Group believes that ongoing marketing and promotional efforts are necessary to maintain brand visibility, support new product launches and retain customer loyalty. While prior marketing initiatives provided useful insights into customer preferences, effective marketing channels and campaign execution for future refinement, continued investment in marketing and advertising remains important to reinforce brand positioning, address competitive pressures and support the long-term sustainability and competitiveness of the business. In the circumstances and in the event that the Disposal cannot proceed, it is expected that YGM Retail may incur marketing and advertising expenses of approximately HK\$2.5 million, HK\$3.0 million and HK\$3.5 million for the three financial years ending 31 March 2027, 31 March 2028 and 31 March 2029, respectively, to sustain its business operations.

Revenue Outlook

As mentioned above, approximately HK\$1.2 million of the revenue recorded during the ten months ended 31 January 2026, representing about 27% of its total revenue for the period, was derived from royalty income from the South Korea market. As the relevant trademark license agreement expired in January 2026 and YGM Retail is yet to seek a suitable and qualified new Licensee for that territory subject to further market review and negotiations, YGM Retail's revenue base for the current year is expected to be lower and concentrated on the US, UK and the PRC Licensees.

It is also mentioned above that except for the year ended 31 March 2024 where the royalty fee received from UK Licensee exceeded the prescribed minimum royalty fee for the relevant year, no excess royalty fee over and above the minimum fee levels was received by YGM Retail from the Licensees as the sale amounts achieved by the Licensees did not warrant the excess. YGM Retail continuously monitors the performance of its Licensees. The management of the Company believes that the lackluster performance of the Licensees is partly attributable to the difficult and challenging market conditions prevailing over the global apparel and retail markets including weak consumer sentiment, geopolitical tensions and heightened competition. As at the Latest Practicable Date, the remaining terms of the US, UK and PRC Trademark License Agreements were approximately 6 years, 6.5 years and 3 years,

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respectively. Apart from the amount of minimum royalty fee entitled to be received under the respective license agreements, there is uncertainty as to the future sales performances of the Licensees, and therefore the excess royalty fee, if any, that may be generated therefrom or whether the license agreements will be renewed upon expiry.

Taking reference to YGM Retail's experience with the South Korea market, despite the effort of the South Korea Licensee, its sales performance was much below the target sales level envisaged by YGM Retail and the South Korea Licensee by a big margin. The royalty income received by YGM Retail was limited to the minimum royalty payments of US\$150,000 (equivalent to approximately HK\$1,174,600), US\$165,000 (equivalent to approximately HK\$1,292,100) and US\$180,000 (equivalent to approximately HK\$1,409,550) for the first, second and third year, respectively, of the 3 years licensing term before it expired in January 2026. Both parties had decided to discontinue the licensing collaboration.

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 31 January 2026 for the purpose of the Disposal.

Based on the Valuation Report, the Valuer assessed the net assets of YGM Retail at approximately HK\$133,000 and is of the opinion that the market value of 100% equity interest in YGM Retail as at 31 January 2026 was HK\$133,000. For details of the Valuation, please refer to the Valuation Report in Appendix I to this circular.

Directors' view

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 HK\$133,000 using the asset-based approach. The total Consideration represents a premium of approximately HK\$2,361,580 over the aggregate amount of HK\$31,958,420, being the Sale Loan of approximately HK\$31,825,420 together with the net assets of YGM Retail of approximately HK\$133,000 as at 31 January 2026.

The total Consideration of HK\$34,320,000 will be allocated as to (i) HK\$2,494,580 for the Sale Shares, which shall be distributed equally between YGM Limited and Yampa Investments Limited (i.e. HK\$1,247,290 each); and (ii) HK\$31,825,420 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.

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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\$2,361,580, representing the difference between (i) the consideration for the Disposal of HK\$34,320,000; and (ii) the aggregate amount of the unaudited net assets of YGM Retail as at 31 January 2026 of approximately HK\$133,000 and the Sale Loan as at 31 January 2026 of HK\$31,825,420.

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.

IV. THE DML AGREEMENT, POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS AND TERMINATION OF THE PURCHASE MASTER AGREEMENT

The DML Agreement

Completion of the Disposal is conditional on the entering into of the DML Agreement between YGM Retail, YGM Marketing and Citimark which shall take effect immediately upon Completion. Pursuant to the terms of the DML Agreement, (a) YGM Retail shall grant to YGM Marketing (i) a non-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; and (b) YGM Retail authorises Citimark to sell the Products to YGM Marketing from time to time. The DML Agreement is for a term of three years and shall be immediately effective from 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 parties:	(1) YGM Retail (2) YGM Marketing, a wholly-owned subsidiary of the Company (3) Citimark
Subject matter:	Pursuant to the terms of the DML Agreement, YGM Retail shall grant to YGM Marketing:

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

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

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

Authorisation to
Citimark:

Pursuant to the terms of the DML Agreement, YGM Retail, as the registered owner of the Ashworth IP, authorises Citimark to sell the Products to YGM Marketing from time to time for distribution and sale in Hong Kong and Macau. Such authorisation is granted in view of Citimark's existing role as a licensed manufacturer and operator in the PRC under its trademark license arrangements with YGM Retail, pursuant to which Citimark is permitted to manufacture Products bearing the Ashworth IP.

Pursuant to this arrangement, Citimark will continue to manufacture the Products in accordance with the design specifications, quality standards and branding requirements stipulated by YGM Retail under the relevant licensing arrangements. YGM Retail does not directly manufacture, sell or supply the Products, but instead exercises control over the use of the Ashworth IP through its licensing framework. The sale of the Products by Citimark to YGM Marketing is therefore conducted within the scope of Citimark's authorised manufacturing and use of the Ashworth IP, and with the express authorisation of YGM Retail under the DML Agreement.

YGM Marketing, as a licensee of the Ashworth IP in Hong Kong and Macau under the DML Agreement, may purchase the Products from Citimark for the purpose of wholesaling, retailing, marketing and sale in Hong Kong and Macau.

Royalty fee:

Nil.

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Products to be distributed or manufactured: Any garments, apparel, and casual merchandise designed and manufactured in connection with the Ashworth IP.

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 subject to compliance with the Listing Rules, YGM Marketing is entitled to renew the DML Agreement for a further term of three years from the expiry of the Initial Term subject to compliance with the applicable Listing Rules.

In case YGM Marketing does not exercise the option to renew the DML Agreement, the parties may initiate negotiations for a renewal no later than six months before expiration of the DML Agreement, provided that the DML Agreement is still in force and that no parties are in default.

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 Citimark will be determined on arm’s length basis with reference to the acquisition costs of the Products by Citimark 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.

Information of YGM Marketing

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

Information of Citimark

As mentioned in the paragraph headed “Information of the Purchaser” above, Citimark is a limited liability company incorporated in Hong Kong whose principal business is investment holding and trading. As at the Latest Practicable Date, Citimark is owned as to 75% by Mr. M. Chan and 25% by Mr. J. Chan.

Post-Completion continuing connected transactions under the DML Agreement and termination of the Purchase Master Agreement

Reference is made to the announcement of the Company dated 31 December 2025 in relation to, among others, the Purchase Master Agreement entered into between YGM Marketing and Citimark for the sale and purchase of garment and other products and the related annual caps.

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In addition to sourcing and purchasing the Products from independent suppliers, YGM Marketing has, since the entering into of the Purchase Master Agreement, also sourced and purchased the Products from Citimark, amounting to approximately HK\$4.5 million in aggregate for the period from January to April 2026.

Following Completion, the purchase of the Products by YGM Marketing from Citimark will be governed by the terms of the DML Agreement. Accordingly, YGM Marketing and Citimark will enter into the Termination Agreement upon Completion, pursuant to which, the Purchase Master Agreement will be terminated with effect from Completion.

Historical and proposed transactions among YGM Retail, YGM Marketing and Citimark before and after completion of the Disposal

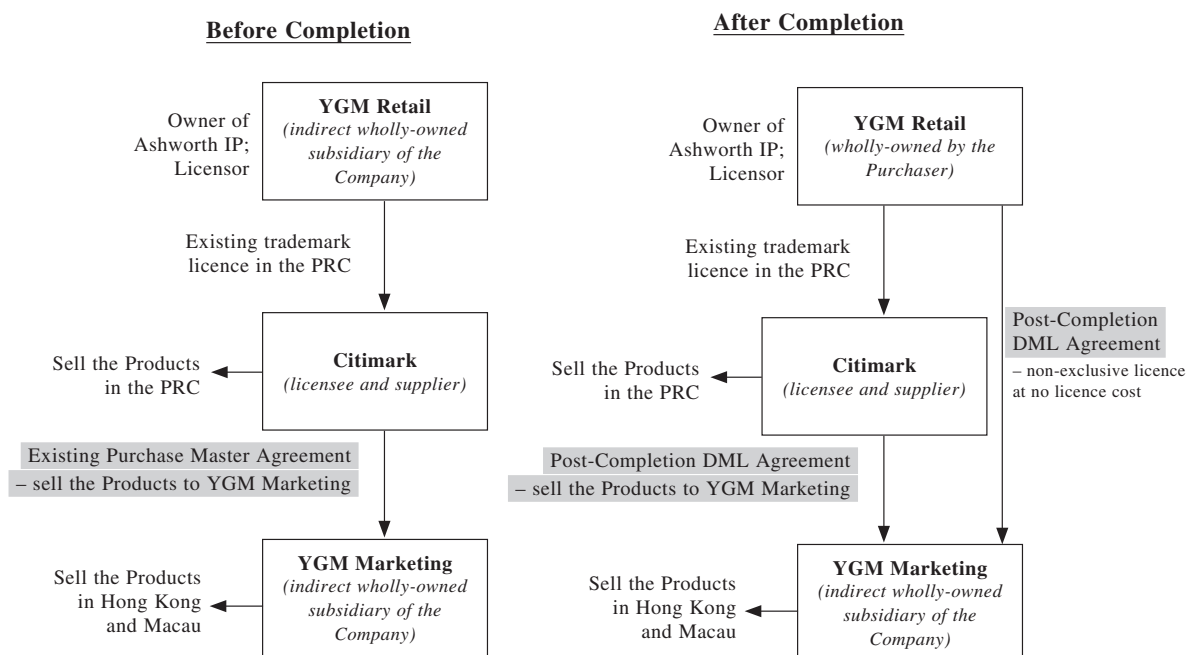
Prior to Completion, YGM Retail is a wholly owned subsidiary of the Company and the registered owner of the Ashworth IP. Under the PRC Trademark License Agreement, YGM Retail granted Citimark a trademark license authorising Citimark to use the Ashworth IP in connection with the design, manufacture and sale of Ashworth-branded products in the PRC. In the meantime, pursuant to the Purchase Master Agreement entered into between Citimark and YGM Marketing in December 2025, Citimark started to supply products, including products bearing the Ashworth IP, to YGM Marketing, as one of the suppliers to YGM Marketing in addition to the other manufacturers licensed by YGM Retail.

After Completion, YGM Retail, the registered owner of the Ashworth IP, will no longer be a subsidiary of the Company. The existing PRC trademark license granted to Citimark will continue. Under the DML Agreement, YGM Retail will grant YGM Marketing a non-exclusive license to use the Ashworth IP in Hong Kong and Macau at no license cost, and will authorise Citimark to sell the products to YGM Marketing for those markets. Citimark will continue to manufacture and supply Ashworth-branded products under its existing licensing arrangements with YGM Retail. The Purchase Master Agreement will be terminated upon Completion, and all purchases of products by YGM Marketing from Citimark will thereafter be made under the DML Agreement.

In other words, following Completion, YGM Retail will continue to act as the Ashworth IP owner and licensor, Citimark will remain a licensed manufacturer and supplier in the PRC and will be authorised by YGM Retail to sell the Products to YGM Marketing for the Hong Kong and Macau markets, while YGM Marketing will become a Licensee of YGM Retail under the DML Agreement and also a purchaser of the Products from Citimark as one of its procurement suppliers. The purpose of the DML Agreement is to set the licensing and authorisation framework following the Disposal with a view to improving the cost efficiency of YGM Marketing's product procurement, manufacturing, sales channels and product supply arrangements.

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For illustrative purpose, below sets out the relationship among YGM Retail, YGM Marketing and Citimark before and after completion of the Disposal.



Annual Caps

Since the commencement of the Purchase Master Agreement in January 2026, YGM Marketing has been purchasing Products from Citimark under a cap limit of HK\$6.0 million for the period from 1 January 2026 to 31 March 2026, and also an annual cap of HK\$9.9 million for the year ending 31 March 2027. Given that the Purchase Master Agreement will be terminated upon Completion, all future purchase of Products will be carried out and governed by the terms and conditions of the DML Agreement. In the meantime, prior to Completion, any purchase of Products by YGM Marketing will continue to be made under the Purchase Master Agreement and subject to the annual cap utilisation.

Following Completion, the purchase of Products by YGM Marketing from Citimark will be governed by the DML Agreement as mentioned above. For the purpose of calculating the annual cap for the year ending 31 March 2027, purchases made under the DML Agreement after Completion will be aggregated with purchases made by YGM Marketing under the Purchase Master Agreement prior to Completion.

Based on the Group's current expectation that Completion will take place by end of June 2026, it is anticipated that purchases of Products made and to be made by YGM Marketing from Citimark under the Purchase Master Agreement during the period from 1 April 2026 to the Completion Date will not exceed HK\$1 million. Accordingly, the cap limit for the purchase of Products by YGM Marketing from Citimark for the period from the Completion Date to 31 March 2027 under the DML Agreement is proposed to be HK\$8.9 million. When aggregated with the purchases of up to HK\$1 million made and to be made under the Purchase Master Agreement during the period from 1 April 2026 to Completion, the total annual cap for the year ending 31 March 2027 will be HK\$9.9 million.

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It is also proposed that the Annual Caps for the purchase of Products to be made by YGM Marketing from Citimark are HK\$9.9 million and HK\$9.9 million for each of the two years ending 31 March 2028 and 2029, respectively. For any purchase over and above the caps proposed above, and/or after the year ending 31 March 2029, full compliance of the applicable requirements under Chapter 14A of the Listing Rules will be made by the Company as and when appropriate.

In determining the Annual Caps for the purchase of Products, the Directors have considered the following factors:

- (i) historical purchase amounts of the Products by the Group from manufacturers during the financial year ended 31 March 2025 and 2026 which amounted to approximately HK\$15,203,000 and HK\$14,447,000 respectively;
- (ii) historical purchases made by YGM Marketing from Citimark pursuant to the Purchase Master Agreement which commenced on 1 January 2026 and amounted to an aggregate of approximately HK\$4,450,000 up to 30 April 2026;
- (iii) budgeted purchase orders expected to be placed by YGM Marketing following Completion;
- (iv) estimated market demand for the Products in Hong Kong and Macau for the years ending 31 March 2027, 2028 and 2029, having regard to prevailing market conditions and the Group's sales projections;
- (v) the pricing basis for the Products to be purchased from Citimark under the DML Agreement; and
- (vi) the inclusion of an appropriate buffer to allow flexibility for potential fluctuations in demand, changes in product mix, variations in costs and other operational contingencies.

For the avoidance of doubt, pursuant to the DML Agreement, all purchases of Products will be conducted solely between YGM Marketing and Citimark, and no purchase transactions will be entered into between YGM Marketing and YGM Retail.

Under the DML Agreement, YGM Marketing is granted non-exclusive rights to manufacture, market, distribute and sell the Products in Hong Kong and Macau. As such, YGM Marketing is not restricted to procuring Products from Citimark only, and may engage other independent or licensed manufacturers to produce Products bearing the Ashworth IP.

Notwithstanding that the proposed Annual Caps under the DML Agreement for the purchase of Products from Citimark are set at HK\$9.9 million per year, the Directors consider that such caps would not have a material adverse impact on the Group's revenue generated from the Ashworth garment business before and after Completion, as the Annual Caps relate solely to purchases to be made from Citimark and do not represent a cap on the Group's revenue from such business.

Taking into account that, under the DML Agreement, YGM Marketing is not restricted to procuring Products from Citimark and may engage other independent or licensed manufacturers to produce Products bearing the Ashworth IP, and that the Group intends to continue to engage third-party manufacturers for the production of the Products, thereby providing flexibility in sourcing arrangements, the Directors consider that the revenue of the Company's Ashworth garment business would not be materially affected following Completion.

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

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

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V. PREVIOUS PROPOSAL TO DIVEST YGM RETAIL

Prior to presenting the reasons for proposing the Disposal and the DML Agreement, the Board wishes to draw the attention of the Shareholders to the events, including background and circumstances, that culminated in the Proposal presently being put forward to the Shareholders for consideration, and if thought fit, approval.

The 2025 Proposal

In September 2025, the Board had in the first time proposed to divest its investment in YGM Retail by way of a disposal of all the Group's interest held in YGM Retail (in the form of equity and shareholders' loan) to Citimark for a total consideration of HK\$34,320,000. As a condition precedent to the sales of YGM Retail, it was proposed that upon completion of the 2025 SPA, YGM Retail would grant to YGM marketing, by way of entering into a distribution and marketing agreement with YGM marketing, an exclusive right to market, distribute and sell the Ashworth Products within Hong Kong and Macau for an initial term of three years. YGM Marketing was also entitled to renew the 2025 DML Agreement for another three years, provided that YGM Marketing having met a minimum purchase requirement of not less than HK\$10 million per annum and was not in default.

On 11 September 2025, the Vendors and Debt Vendor entered into the 2025 SPA with Citimark (as purchaser) in relation to the sale and purchase of the Sale Shares and the assignment of the then Sale Loan at a total consideration of HK\$34,320,000. Details of the 2025 Proposal are set out in the Company's announcement dated 11 September 2025 and circular dated 13 October 2025 (the "**2025 Circular**"). However, at the 2025 EGM convened and held on 4 November 2025 for the purpose of approving the 2025 Proposal, the requisite shareholders' resolutions to approve, execute and implement the 2025 SPA and 2025 DML Agreement were not passed by a majority of Independent Shareholders voting at the meeting. Accordingly, the 2025 Proposal had fallen through and the 2025 DML Agreement was not entered into by the parties.

Why the 2025 Proposal

The commercial rationale for the Directors to make the 2025 Proposal to the Shareholders in September 2025 was set out in the section headed "Reasons for and benefits of the Disposal" in the 2025 Circular. The Directors had considered that given the historical record of performance of the then existing Licensees (a total of four including the South Korea Licensee) that only minimum royalty fee had been payable by them (with an exception for the UK Licensee for the year ended 31 March 2024), there was uncertainty on the performance of the then Licensees for the remainder of the duration of the Trademark License Agreements and the likelihood of renewal upon expiry.

In light of the above and taking into account the small losses recorded by YGM Retail, the Directors considered that it would be a timely decision to realise the Group's investment in the Ashworth IP, and yet continue to benefit as a licensee of YGM Retail in Hong Kong and Macau following completion of the 2025 SPA through the arrangements under the 2025 DML Agreement. The Directors had believed that the 2025 Proposal would be beneficial to the Company and the Shareholders as a whole, as it would not only recoup the Group's total investment in YGM Retail amid uncertain market conditions, but also held up the Group's traditional operation of garment manufacturing, wholesaling, retailing, sales and marketing, including the Ashworth brand, in Hong Kong and Macau as an exclusive licensee of YGM Retail, and therefore put forward the 2025 Proposal to the Shareholders.

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Voting results the 2025 EGM

Reference is made to the announcement of the Company dated 4 November 2025 in relation to, among others, the voting results of the Independent Shareholders on the two ordinary resolutions proposed at the 2025 EGM to consider and approve the 2025 SPA and 2025 DML Agreement, respectively (the “**2025 Poll Results Announcement**”). For each of the resolutions relating to the 2025 SPA and 2025 DML Agreement, the total number of Shares entitling the Independent Shareholders to attend and vote for or against the relevant resolutions was 67,688,286 Shares (the “**2025 Eligible to Vote Shares**”). As stated in the 2025 Poll Results Announcement, of the 2025 Eligible to Vote Shares, only a total of 1,415,825 Shares (representing approximately 2.09% of the 2025 Eligible to Vote Shares) were voted on each of the two resolutions, of which 105,815 Shares (representing 7.474% of the total Shares voted) had voted for, and 1,310,010 Shares (representing 92.526% of the total Shares voted) had voted against, the said resolutions. Accordingly, both resolutions were not passed.

The Company confirms that prior to the close of the 2025 EGM, it had not received any questions, enquires or communications whatsoever from any of its Shareholders or their representatives on the 2025 Proposal and was not aware of the voting intention of any Shareholders voting at the 2025 EGM. However, the Company noticed that the number of Shareholders attending the 2025 EGM was low, with only about 2% of the Independent Shareholders who were then eligible to vote on the aforesaid ordinary resolutions. In this perspective, although the Directors are not aware of the reasons for the 2025 Proposal not being approved, and given the market conditions the Group finds itself in (which will be further discussed below), the Directors would like to revisit the intention to realise the investment in YGM Retail and make a broader appeal to the Independent Shareholders to consider the Proposal, including but not limited to the commercial rationale and reasons supporting the management’s decision thereon, which proposal, overall, is considered by 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) to be in the interests of the Company and the Shareholders as a whole.

The Proposal as compared to the 2025 Proposal

While the fundamental framework and terms and conditions of the Proposal and the 2025 Proposal are basically the same, there are two particular changes made in the DML Agreement that the Directors would like to draw the Shareholders’ attention to and explain further below. The changes involve:

- (i) YGM Marketing be granted a non-exclusive right to manufacture, market, distribute and sell the Products in Hong Kong and Macau under the DML Agreement. (In the 2025 DML Agreement, it was agreed by Citimark that YGM Marketing be granted an exclusive right for the same activities); and
- (ii) YGM Marketing not being required to meet any minimum purchase requirements for renewal of the DML Agreement after the expiry of the first term. (In the 2025 DML Agreement, the minimum purchase requirement was HK\$10 million in each 12-month period during the initial three-year term.)

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Save for the above, the terms and conditions of the SPA and the DML Agreement are substantially the same as those of the 2025 SPA and the 2025 DML Agreement. A comparison of the key terms of the SPA and the 2025 SPA is set out in the table below:

	Principal terms of the 2025 SPA	Principal terms of the SPA
Date:	11 September 2025	11 March 2026
Vendors:	(i) YGM Limited; and (ii) Yampa Investment Limited	(i) YGM Limited; and (ii) Yampa Investment Limited
Debt Vendor:	The Company	The Company
Purchaser (<i>Note</i>):	Citimark Trading Limited	Chanson (HK) Limited
Assets to be disposed of:	The Sale Shares and the Sale Loan of no more than HK\$31,400,000 at completion of the 2025 Proposal.	The Sale Shares and the Sale Loan of no more than HK\$32,000,000 at Completion.
Consideration and payment terms:	HK\$34,320,000 in three instalments.	HK\$34,320,000 in three instalments.

Note: As mentioned in this circular above, Citimark and Chanson have the same shareholders, being Mr. M. Chan and Mr. J. Chan., but with different percentage shareholdings between them.

A comparison of the key terms of the DML Agreement and the 2025 DML Agreement is set out in the table below:

	Principal terms of the 2025 DML Agreement	Principal terms of the DML Agreement
Effective date:	To be entered into simultaneously with completion of the 2025 SPA and take effect on the date of completion.	To be entered into simultaneously with Completion and take effect on the Completion Date.
Parties:	(i) YGM Retail (as licensor); and (ii) YGM Marketing (as Licensee).	(i) YGM Retail (as licensor); (ii) YGM Marketing (as Licensee); and (iii) Citimark (as party authorised to sell Ashworth Products).

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Subject matter:	<p>YGM Retail granting to YGM Marketing:</p> <p>(i) an exclusive right to market, distribute, and sell the Products within Hong Kong and Macau;</p> <p>(ii) a non-exclusive right to manufacture the Products worldwide; and</p> <p>(iii) a non-exclusive license to YGM Marketing to use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau.</p>	<p>YGM Retail shall grant to YGM Marketing:</p> <p>(i) a non-exclusive right to market, distribute, and sell the Products within Hong Kong and Macau;</p> <p>(ii) a non-exclusive right to manufacture the Products worldwide; and</p> <p>(iii) a non-exclusive license to YGM Marketing to use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau.</p> <p>YGM Retail shall authorise Citimark to sell the Products to YGM Marketing from time to time for distribution and sale in Hong Kong and Macau.</p>
Royalty fee:	Nil.	Nil.
Term and termination:	<p>Three years from the date of completion of the 2025 Proposal.</p> <p>Provided that YGM Marketing not in default of breach of provisions under the 2025 DML Agreement and achieved the minimum purchase requirements, YGM Marketing entitled to renew the 2025 DML Agreement for a further term of three years from the expiry of the initial term.</p>	<p>The DML Agreement shall be effective on the Completion Date and continue for a term of three years (i.e. Initial Term).</p> <p>Provided that YGM Marketing is not in default of breach of provisions under the DML Agreement, YGM Marketing is entitled to renew the DML Agreement for a further term of three years from the expiry of the Initial Term (the “Second Term”) subject to compliance with the applicable Listing Rules.</p>
Minimum purchase requirements for renewal:	HK\$10 million in each 12-month period during the initial term.	None.

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Commercial rationale and consideration of the changes made to the SPA and DML Agreement are further set out below.

(a) Change from exclusive to non-exclusive rights under the DML Agreement

The Directors acknowledge that under the DML Agreement, YGM Marketing licensing right from YGM Retail is on a non-exclusive basis, while the licensing right under the 2025 DML Agreement was on an exclusive basis. On the other hand, the renewal pre-requisite for YGM Marketing meeting minimum purchase requirements before renewal has been removed in the DML Agreement to balance the respective interests of the signing parties for mutual benefits.

After arm's length negotiations and having considered the following factors, 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 of the Independent Financial Adviser) are of the view that the non-exclusive licensing condition is commercially acceptable in the circumstances:

- (i) the Group has been operating the Ashworth-related business in, among other places, Hong Kong and Macau since 1998. For over two decades, the Group operated as exclusive licensee of Ashworth until it acquired the Ashworth IP in September 2019 and became the brand owner. As such, the Group has broad and deep experience operating the Ashworth retail business in the territories, having built key industry relationships, studied local consumer preferences and become sensitive to changing market conditions, both as brand licensee and as brand owner. The Group is well positioned to leverage all its first-mover advantages to maintain its market share and compete against new licensees, if any;
- (ii) the Group has a wide and entrenched network of retail stores across prime shopping areas and tourist hotspots in Hong Kong and Macau, which raises the barrier to entry for new licensees in Hong Kong and Macau. New market entrants are unlikely to compete efficiently in the same locations as the Group's existing stores and, while they may attempt to find footholds in places where the Group does not have any presence, many such spots have, over the years, already been scouted out by the Group and found to be less commercially viable than its current stores;
- (iii) from a business perspective, the Group considers that real competition for Ashworth Products does not come from new licensees, but rather from other sporting and apparel brands which sell similar or substitute products. Major competitors include multinational sporting brands with golfing sub-brands and product lines, such as Nike and Adidas, followed by international golfing apparel brands, such as TaylorMade and Callaway. The Group's Ashworth retail business in Hong Kong has been in competition with these well-known brands for many years and have successfully carved out a niche in the market; and
- (iv) multiple licensees competing in the market can also have beneficial effects, such as encouraging better service and after-sales support. Each licensee's marketing endeavours may further enhance awareness of the Ashworth brand and facilitate penetration into different customer segments, benefiting all Licensees in alluring new customers.

LETTER FROM THE BOARD

In light of the above, the Directors are confident that the Group will be able to compete successfully and maintain its market share in the case competition arises from new Ashworth licensees in Hong Kong and Macau. While it would be preferable to have exclusive rights, in the circumstances, the Directors consider that having only the non-exclusive rights to Ashworth for Hong Kong and Macau to be commercially acceptable.

(b) *Removal of minimum purchase requirements for renewal of the DML Agreement*

In light of the change from the exclusive licensing rights under the 2025 DML Agreement to the non-exclusive licensing rights under the DML Agreement, the Group negotiated for and the Purchaser agreed to the removal of the minimum purchaser requirements for renewal of the DML Agreement upon expiry of the Initial Term. As a result, the sole condition for the entitlement to renew the DML Agreement is that YGM Marketing is not in default of breach of provisions thereunder.

The Directors consider that notwithstanding the Group was confident it could meet the minimum purchase requirements as originally contemplated under the 2025 DML Agreement, the removal of said requirement provides the Group with more flexibility when sourcing the Products, including in terms of having more bargaining power to negotiate pricing, in terms of purchase volumes, and in selecting other suppliers for the purchase and/or manufacture of the Products.

(c) *Addition of Citimark as a party to the DML Agreement*

Under the 2025 Proposal, upon completion thereof, Citimark would hold the entire equity interest in YGM Retail, the owner of the Ashworth IP. In such event, there would be no impediment to Citimark to provide the Products to YGM Marketing from time to time for sale in Hong Kong and Macau as contemplated under the 2025 DML Agreement.

Under the Disposal, upon Completion, the Purchaser will hold the entire equity interest in YGM Retail, while Citimark will remain a licensed manufacturer and supplier in the PRC. In consideration of this and as Citimark is not a direct subsidiary or holding company of the Purchaser or YGM Retail in terms of corporate structure, Citimark has been included as a party to the DML Agreement so that YGM Retail shall authorise Citimark to supply the Products to YGM Marketing for distribution and sale in the Hong Kong and Macau markets.

(d) *Directors' view*

Having considered the above, as well as the reasons and circumstances set out in the section headed "Reasons for and benefits of the Proposal" below, 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 of the Independent Financial Adviser) consider that the change in terms and conditions of the Disposal as compared to those in the 2025 Proposal are, in the circumstances, reasonable.

LETTER FROM THE BOARD

VI. REASONS FOR AND BENEFITS OF THE PROPOSAL

As the entering into the DML Agreement is a condition precedent to the Completion and forms part and parcel of the Disposal, the Directors consider that the Proposal should be assessed as a whole, taking into account both the Group's proposed divestment of its investment in YGM Retail and the Group's continued operation of the Ashworth retail business in Hong Kong and Macau following Completion under the DML Agreement.

YGM Retail had been the company licensed with the exclusive right to operate the Ashworth branded golf and sporting apparel and accessories in Hong Kong, Macau, the PRC and Taiwan since 1998. Since acquiring the Ashworth IP through YGM Retail in 2019, it had been the Group's plan to develop the Ashworth licensing business overseas. Although the plan was hindered by the global outbreak of the COVID-19 pandemic as said above, YGM Retail entered into three Trademark License Agreements with the US, UK and South Korea Licensees, respectively in 2022 and in February 2024, the fourth one with Citimark as the Licensee for the PRC market. However, as at the Latest Practicable Date, YGM Retail had on hand three Licensees only as the South Korea Trademark License Agreement had expired in January 2026. Save for the transactions contemplated under the Proposal, as at the Latest Practicable Date, YGM Retail had no new prospective licensing on hand in negotiation.

Principal concerns of the Group

In reassessing the Proposal following the 2025 EGM, the Directors have revisited the Group's business and operating environment and, in particular, considered a number of factors which continue to affect the commercial outlook and sustainability of YGM Retail and the Ashworth-related business. The Directors' principal concerns are summarised under the following areas:

(a) Continued concern on Licensees' performance and renewal of Trademark License Agreements

Since the 2025 EGM, in face of the challenging market conditions, including weak consumer sentiment, lacklustre global economic performance and heightened competition, all of the Licensees' performance continued to be below expectations, with royalty income from all Licensees limited to the prescribed minimum royalty payments. The Company remains concerned as to their future sales performance.

As a result of the non-renewal of the Trademark License Agreement for South Korea, YGM Retail's revenue in the current financial year ending 31 March 2027 will be adversely affected until new licensing arrangements bear fruits in South Korea or other markets.

In the Directors' opinion, the commercial decision by the South Korea Licensee not to seek renewal of its license further substantiated the Directors' concerns regarding the challenging operating environment and increased market uncertainties, which would continue to affect the Licensees' performances and their likelihood to renew the Trademark License Agreements beyond the initial terms.

The Directors are of the further view that in order to reposition YGM Retail in the prevailing competitive and fast-moving global apparel market, substantial capital investment and human resources would need to be deployed to strengthen brand building, promotion and marketing efforts, as well as to adapt to evolving consumer behaviour and preference. On the other hand, there are no prudent hands to reasonably assure that these initiatives would generate commensurate returns under the current tough market conditions.

LETTER FROM THE BOARD

(b) Continued concern on the profitability of YGM Retail

There remained uncertainty regarding the performance of the Licensees and the likelihood of renewal of their Trademark License Agreements, which cast concern over the continued profitability of YGM Retail.

While YGM Retail recorded a breakeven result for the year ended 31 March 2024, it recorded a net loss for the year ended 31 March 2025 mainly due to the significant amount of marketing and advertising expenses incurred during the year, including expenses relating to a fashion show held at the Hong Kong Convention and Exhibition Centre in September 2024, offsetting the increase in revenue for the year due to increase in minimum royalty amounts payable by the US and UK Licensees pursuant to the escalating royalty scale set out in their respective Trademark License Agreements.

For the 10 months ended 31 January 2026, YGM Retail recorded a profit, mainly due to the absence of said marketing and advertising expenses. The royalty fee received from the Licensee for the South Korea market accounted for about 27% of the total revenue of YGM Retail for the 10-month period. Until a new Trademark License Agreement is identified for its replacement, there will be no contribution from that market for YGM Retail.

Despite management's efforts to identify and engage potential new licensees, no suitable arrangements have been concluded to date. In light of the above, the Directors considered it prudent to propose to the Shareholders again to divest YGM Retail from the Group.

(c) Continued decline of Hong Kong garment retail market

As discussed in the Company's interim report for the six months ended 30 September 2025, the Hong Kong garment retail market has continued to decline and geopolitical uncertainties have further increased. According to the Monthly Retail Sales Statistics published by the Census and Statistics Department (the "C&SD") for December 2025 (<https://www.censtatd.gov.hk/en/wbr.html?ecode=B10800032025MM12>), the value of retail sales of wearing apparel and footwear, allied products and other clothing accessories (the "footwear products") recorded a year on year decrease of approximately 3.4% and 6.5% respectively for the whole year of 2025 as compared with 2024.

Although the value of retail sales of wearing apparel and footwear products increased during January and February 2026, with combined year on year growth of approximately 6.2% and 9.6% respectively, C&SD has consistently noted that retail sales in the first two months of a year tend to exhibit greater volatility owing to the timing of the Chinese New Year, during which local and visitor spending normally reaches a seasonal peak. In addition, such growth lagged behind the overall growth in total retail sales during the same period, which increased by approximately 11.8% year on year for January and February 2026 combined. Although retail sales of wearing apparel and footwear recorded an increase in the early part of 2026, including January and February where figures may have been distorted by seasonal factors, and notwithstanding a continued improvement in the subsequent months, the Directors consider that such short-term movements do not yet indicate a sustained recovery. The Hong Kong garment retail market continues to exhibit fluctuations. As such, the short term increase in wearing apparel and footwear products sales in early 2026, which partly reflected a rebound from a relatively weak base in the corresponding period of 2025, does not change the broader declining trend observed over the preceding full financial year.

LETTER FROM THE BOARD

Furthermore, while the value of total retail sales increased modestly by approximately 1.0% year on year in 2025, such improvement followed a contraction of approximately 7.3% in 2024, and the recovery remained uneven across different retail segments, with wearing apparel and footwear products continuing to underperform other categories. This suggests that consumer sentiment toward discretionary consumption, including mid-to-high-end branded apparel purchases, has remained cautious.

In light of the above, the Directors have revisited the intention to realise the investment in YGM Retail in face of the increasingly challenging consumer market. After arm's length negotiations with the Purchaser and Citimark, the Company proposes to dispose of YGM Retail to the Purchaser and to enter into a non-exclusive distribution and manufacturing license agreement (i.e. the DML Agreement) to use the Ashworth IP in Hong Kong and Macau on the terms more particularly described in this circular.

Against this backdrop, the Group has continued to focus on operating its principal businesses. In addition to sales of Ashworth Products, the Group also distributes and sells J. Lindeberg garment products in Hong Kong and Macau. Despite its efforts, as discussed in its 2025/26 interim report, the Group's revenue for the six months ended 30 September 2025 dropped by about 11.1% largely due to the decline in the Hong Kong garment retail market. On the other hand, certain other business segments recorded stable or improved performance during the period. In particular, the Guy Laroche brand generated slightly higher licensing income through its worldwide licensing system while the printing and related services business recorded a modest increase in revenue.

In light of the increasingly uncertain global retail environment and the continued slowdown in the Hong Kong garment retail market evidenced by the Monthly Retail Sales Statistics published by C&SD for December 2025, that the value of retail sales of wearing apparel recorded a year-on-year decrease of approximately 3.4% for the whole year of 2025 as compared with 2024, the Directors remain of the view that realising the investment in the Ashworth IP would be beneficial to the Group. The Disposal would allow the Group to mitigate ongoing market risks associated with YGM Retail, enhance liquidity, reallocate its resources and maintain operational flexibility in order to respond to the evolving market conditions. Accordingly, the Directors believe that this is an appropriate time for the Group 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 under the DML Agreement.

LETTER FROM THE BOARD

Existing businesses of the Group

The Group is principally engaged in (i) garment wholesaling and retailing (including the Ashworth retail business); (ii) trademark ownership and licensing; (iii) property investment; and (iv) the provision of security printing, general business printing and trading of printing products.

The Group has a diversified revenue base, as illustrated by the analysis of revenue contribution by business segment for the year ended 31 March 2025 and the six months ended 30 September 2025 set out below.

	For the year ended 31 March 2025 (“FY2025”)		For the six months ended 30 September 2025 (“6M2025”)	
	<i>HK\$’000</i>	<i>% of total revenue</i>	<i>HK\$’000</i>	<i>% of total revenue</i>
Revenue				
Sales of garments				
– Ashworth brand	70,699	39.7%	25,520	32.5%
– J. Lindeberg and other brands	48,318	27.2%	23,322	29.6%
	119,017	66.9%	48,842	62.1%
Licensing of trademarks				
– Ashworth brand	4,455	2.5%	2,576	3.3%
– Guy Laroche brand	17,284	9.7%	8,542	10.9%
	21,739	12.2%	11,118	14.1%
Printing and related service	27,462	15.5%	13,645	17.3%
Property rental	9,634	5.4%	5,096	6.5%
	177,852	100%	78,701	100%
	177,852	100%	78,701	100%

FY2025

For FY2025, the Ashworth brand under the Group’s sales of garments business accounted for 39.7% of the total revenue of the Group for the year, while its J. Lindeberg and other brands contributed 27.2% of the total revenue for the year.

As for the other businesses of the Group, its “Guy Laroche” brand contributed licensing of trademarks revenue representing 9.7% of the total revenue of the Group for FY2025. The printing and related services business contributed 15.5% and property rental business contributed 5.4% of the total revenue of the Group for FY2025.

LETTER FROM THE BOARD

For FY2025, non-Ashworth related businesses of the Group generated revenue of approximately HK\$104.8 million.

6M2025

For 6M2025, the Ashworth brand under the Group's sales of garments business accounted for 32.5% of the total revenue of the Group for the period, while its J. Lindeberg and other brands, contributed 29.6% of the total revenue for the year.

As for the other businesses of the Group, its "Guy Laroche" brand contributed licensing of trademarks revenue representing 10.9% of the total revenue of the Group for 6M2025. The printing and related services business contributed 17.3% and property rental business contributed 6.5% of the total revenue of the Group for 6M2025.

For 6M2025, non-Ashworth related businesses of the Group generated revenue of approximately HK\$54.8 million.

As illustrated above, the Group's revenue streams are diversified beyond the garment wholesaling and retailing of the Ashworth Products. The Group endeavours to remain sensitive to market conditions and circumstances and will make necessary and prudent adjustments in its business portfolio and resource allocation with a view to safeguarding Shareholders' interests. If, in any event, the licensing arrangement for Ashworth cannot be renewed upon expiry of the Second Term of the DML Agreement, the Directors believe that the impact to the Group, if any, would be manageable.

Renewal of the DML Agreement at expiry of the Initial Term

As more particularly described above, the DML Agreement is renewable after the expiry of its 3-years initial term subject to no default by YGM Marketing. Based on the Group's current business plan, its historical operation of the Group's Ashworth retail business in Hong Kong and Macau, and the terms of the licencing arrangement under the DML Agreement, the Directors currently expect that the Group will renew the DML Agreement for the Second Term upon expiry of the Initial Term.

The Directors and management of the Company endeavour to run the Group's businesses at all times to the best of their abilities with a view to maximising value to Shareholders. Nevertheless, business performance is subject to risk factors outside of the control of the Group. At the expiry of the Initial Term, the renewal of the DML Agreement will be subject to the Company's assessment of prevailing market conditions, the brand performance of Ashworth, the operational and financial performance of the Group's Ashworth retail business, the Group's operational business and its strategic considerations, and other relevant commercial considerations at the relevant time.

Prior to the expiry of the Second Term, if market conditions and operational performance of the Group's Ashworth retail business remain satisfactory, the Group will negotiate with YGM Retail regarding the continued use of the Ashworth IP and the purchase of Products from Citimark. If the Group's Ashworth retail business is performing, it will in turn generate healthy royalty income for YGM Retail. In such circumstances, the Directors do not see any commercial reason why YGM Retail would not agree to continuing the licensing arrangement with YGM Marketing in Hong Kong and Macau after expiry of the Second Term.

LETTER FROM THE BOARD

If during the Second Term of the DML Agreement, the Group's Ashworth retail business were for any reasons to experience a material deterioration in market demand or operating performance, the Group would consider adjusting its business operations accordingly. Such measures may include, among others, sourcing alternative brands and/or products for its garment business, reallocating internal resources or redeploying manufacturing capacity towards third-party OEM and/or ODM arrangements. Only for discussion purpose for this circular if, and only if, the Ashworth business after the DML Agreement has become effective has become no longer commercially viable, the Group will implement appropriate mitigating measures to ensure that the discontinuation of the right to use the Ashworth IP would not materially impact the Group's overall operations and profitability. However, for the avoidance of doubt, the Company wishes to emphasise that as at the Latest Practicable Date, it was not in contemplation of any plan or discussions to discontinue the manufacturing, marketing and sales business of the Products in Hong Kong and Macau.

While the Directors recognise that the Group's Ashworth retail business contributed approximately 32.5% of the Group's total revenue for the six months ended 30 September 2025, given the many uncertainties over time, the Company is unable to estimate or quantify the impact that may arise in the unforeseeable event of non-renewal of the DML Agreement with any accuracies at the end of the Second Term. The Directors are of the view that to provide any estimates or numbers in the circumstances would be speculative on no reasonably ascertainable basis and assumptions, hence not informative for the Shareholders' assessment of the Disposal.

The Company is nevertheless committed to safeguarding the interests of the Company and the Shareholders as a whole, and will endeavour to mitigate any potential adverse impact that may arise from non-renewal of the DML Agreement beyond the Second Term on the Group's existing business operations. Due compliance with the Listing Rules, including announcement and shareholder approval, where applicable, will be made by the Company accordingly.

Use of proceeds

The cash proceeds from the Disposal are intended to be applied as general working capital of the Group and, having regard to ongoing global economic challenges, geopolitical tensions and market uncertainties, on an indicative basis and subject to the Group's operational requirements from time to time, the Board anticipates that (i) approximately 50% will be used to support inventory procurement to maintain appropriate stock levels in response to market demand, (ii) approximately 20% will be used to meet supplier payments including deposits, revised credit terms or other payment arrangements, (iii) approximately 20% will be used to finance trade and other receivables amid potentially longer customer collection cycles, and (iv) approximately 10% will be used as the Group's general operating expenses.

Directors' view

The Company wishes to put forward the Proposal to the Shareholders for approval again in due compliance with the requirements of the Listing Rules for the rationale and benefits particularly described above. Notwithstanding that the 2025 Proposal did not come through the 2025 EGM, the management believes the divestment of YGM Retail would be in the interests of the Company.

LETTER FROM THE BOARD

With a view to improving transparency and clarity for the Independent Shareholders, this circular incorporates enhanced disclosures and refined structural arrangements. In particular, the disclosures herein include updated and expanded information on the market and operating environment, providing more recent and detailed analysis of the Hong Kong garment retail market which continues to face challenges and exhibits fluctuations notwithstanding certain recent short-term improvements, together with prevailing cautious consumer sentiment, supported by the latest available official statistics and relevant market data.

The discussions on the sustainability of YGM Retail's financial performance and its business outlook above include explanations on the non-recurring or temporary factors attributed to the recent improvement in YGM Retail's performance. Maintaining profitability in the future would likely require recurring marketing and brand-building expenditure, with no assurance that such expenditure would result in commensurate returns.

The transaction mechanics are also explained in detail. This circular provides an enhanced description of the historical and proposed arrangements among YGM Retail, YGM Marketing and Citimark before and after Completion, supplemented by illustrative diagrams. Clear distinctions are drawn between intellectual property licensing arrangements and product supply arrangements.

The current tripartite structure of the DML Agreement provides a flexible structure for YGM Marketing to procure the Products from Citimark as well as from other licensed manufacturers of the Products whereby Citimark is expressly authorised to manufacture and supply the products, and YGM Marketing may purchase the products directly from Citimark rather than from YGM Retail. Although the rights granted to YGM Marketing to market, distribute and sell the products in Hong Kong and Macau are on a non-exclusive basis, the minimum purchase requirement has been removed in return. Shareholders are urged to consider the basis and reasons for the Company accepting the non-exclusive licensing arrangements as more particularly discussed above.

The Directors consider that these updated disclosures, enhanced explanation of earnings sustainability risks, clearer delineation of the respective roles of the parties, and the simplified and less onerous contractual structure collectively improve the overall clarity of the proposed arrangements under the Proposal for Independent Shareholders.

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 although the transactions contemplated under the SPA (i.e. the Disposal) are not in the ordinary course of business of the Group, the Disposal, on balance, is in the interests of the Company and its Shareholders as a whole; (ii) the transactions under the DML Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) 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.

LETTER FROM THE BOARD

VII. IMPLICATIONS UNDER THE LISTING RULES

Set out below are the implications under the Listing Rules regarding the Proposal and the Termination Agreement:

The SPA

As one or more of the applicable percentage ratios in respect of the Disposal 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 50% by Mr. M. Chan and 50% by Mr. J. Chan. As set out in the section headed "Information of the Purchaser" above, Mr. M. Chan is a connected person of the Company and Mr. J. Chan is a deemed connected person, respectively, 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 involving the purchase of the Products by YGM Marketing from Citimark contemplated under the DML Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

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 the DML Agreement exceed 5% but all are less than 25% on an annual basis, and the highest proposed Annual Cap under the DML Agreement is less than HK\$10,000,000.

However, as the entering into the DML Agreement is a condition precedent to the Completion and forms part and parcel of the Disposal, the transactions contemplated under the DML Agreement (including the Contemplated CCTs and the proposed Annual Caps) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Termination Agreement

As neither party to the Termination Agreement is required to make any payment to each other thereunder, the Termination Agreement is exempt from announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the goods purchase transactions contemplated under the Purchase Master Agreement will be terminated upon Completion, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

LETTER FROM THE BOARD

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. M. Chan, and Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, who are cousins of Mr. M. Chan, were regarded as potentially having a material interest in the Proposal (including the SPA and the DML Agreement) and the Termination 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, the Termination Agreement and the respective transactions contemplated thereunder. Save as disclosed above, no other Director has any material interest in the SPA, the DML Agreement, the Termination Agreement and the respective transactions contemplated thereunder.

VIII. 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 Proposal, including the terms of the SPA, the DML Agreement (together with the Contemplated CCTs and 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.

IX. THE EGM

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 Contemplated CCTs and the proposed Annual Caps) and the respective transactions contemplated thereunder.

The notice of the EGM to be held at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong on Friday, 26 June 2026 at 2:30 p.m., is set out on pages EGM-1 to EGM-2 of this circular.

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.

LETTER FROM THE BOARD

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.

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 Proposal, including 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 Proposal, including 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.

X. 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 Tuesday, 23 June 2026 to Friday, 26 June 2026 (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 Monday, 22 June 2026.

XI. RECOMMENDATIONS

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 (i) the terms of the SPA are fair and reasonable; and although the transactions contemplated under the SPA (i.e. the Disposal) are not in the ordinary course of business of the Group, the Disposal, on balance, is in the interests of the Company and its Shareholders as a whole; (ii) the transactions under the DML Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) 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. 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 Contemplated CCTs and the proposed Annual Caps) and the respective transactions contemplated thereunder.

LETTER FROM THE BOARD

XII. FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 38 of this circular which contains its recommendation to the Independent Shareholders in respect of the Proposal, including the SPA, the DML Agreement (together with the Contemplated CCTs and 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 39 to 69 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,
YGM Trading Limited
Chan Wing Sun, Samuel
Chairman

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

11 June 2026

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 11 June 2026 (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 Contemplated CCTs and 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 Contemplated CCTs and 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 5 to 37 of this Circular and the text of a letter from the Independent Financial Adviser, as set out on pages 39 to 69 of this Circular, both of which provide details of the transactions contemplated under the SPA and the DML Agreement (together with the Contemplated CCTs and 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 (i) the terms of the SPA are fair and reasonable; and although the Disposal is not in the ordinary course of business of the Group, the Disposal is in the interests of the Company and its Shareholders as a whole; (ii) the transactions under the DML Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) 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.

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 Contemplated CCTs and 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

11 June 2026

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 Proposal, including the SPA, 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 11 June 2026 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 March 2026 (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 by YGM Retail to the Debt Vendor from time to time on demand, which as at 31 January 2026 amounted to approximately HK\$31.83 million and not exceeding HK\$32.00 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.

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Completion is conditional upon, among others, YGM Retail, YGM Marketing and Citimark entering into the DML Agreement, pursuant to which (a) YGM Retail shall grant to YGM Marketing (i) a non-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; and (b) YGM Retail authorises Citimark to sell the Products to YGM Marketing from time to time for a term of three years, commencing immediately after the Completion Date.

As one or more of the applicable percentage ratios in respect of the Disposal 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 50% by Mr. M. Chan and 50% by Mr. J. Chan. Mr. M. 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. M. Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. J. Chan is a deemed connected person of the Company under Chapter 14A of the Listing Rules and is (i) a son of Mr. M. 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.

Upon Completion, YGM Retail will be wholly-owned by the Purchaser and become a connected person of the Company. Accordingly, the transactions involving the purchase of the Products by YGM Marketing from Citimark contemplated under the DML Agreement shall constitute continuing connected transactions of the Company under the Listing Rules. 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 the DML Agreement exceed 5%, but all are less than 25% on an annual basis, and the highest proposed Annual Cap under the DML Agreement is less than HK\$10.00 million. However, as the entering into the DML Agreement is a condition precedent to the Completion and forms part and parcel of the Disposal, the transactions contemplated under the DML Agreement (including the Contemplated CCTs and the proposed Annual Caps) 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 Contemplated CCTs and 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 Proposal, including 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 SPA, the DML Agreement (together with the Contemplated CCTs and the proposed Annual Caps) and the respective transactions contemplated thereunder. Save for disclosed above, no other

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Shareholders have a material interest in the Proposal, including 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 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 Proposal, including the SPA, the DML Agreement (including the Contemplated CCTs and 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 Contemplated CCTs 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 and on the occasion as detailed in the circular of the Company dated 13 October 2025, 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

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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.

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 and the consolidated financial information of the Group for the six months ended 30 September 2025 as extracted from the interim report of the Company for the six months ended 30 September 2025 (the “**Interim Report**”) is summarised as follows:

	For the six months ended		For the year ended	
	30 September		31 March	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
– Sales of garments	48,842	59,514	119,017	182,623
– Licensing of trademarks	11,118	10,641	21,739	19,861
– Printing and related services	13,645	13,495	27,462	27,084
– Property rental	5,096	4,874	9,634	8,867
	78,701	88,524	177,852	238,435
Gross profit	46,029	54,580	117,464	166,962
(Loss)/Gain from operations	(488)	(1,204)	441	(2,309)
Loss before taxation	(1,605)	(2,534)	(24,361)	(6,031)
Loss for the period/year				
attributable to the Shareholders	(929)	(2,086)	(23,650)	(5,121)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 September 2025 <i>HK\$'000</i> (unaudited)
Non-current assets	348,242
Current assets	163,605
 Total assets	 511,847
 Non-current liabilities	 26,356
Current liabilities	80,420
 Total liabilities	 106,776
 Net current assets	 83,185
 Net assets	 405,071
 Equity attributable to the Shareholders	 400,399

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 the consumer market and economy in Hong Kong, which negatively impacted the sales of the 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 were 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 recognized 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.

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For the six months ended 30 September 2025, the Group's revenue decreased by approximately 11.1% from approximately HK\$88.52 million for the six months ended 30 September 2024 to approximately HK\$78.70 million, of which approximately 62.1% (2024: 67.2%) was derived from sales of garments, approximately 14.1% (2024: 12.0%) was derived from licensing of trademarks, approximately 17.3% (2024: 15.3%) was derived from printing and related services while the remaining 6.5% (2024: 5.5%) was derived from property rental. The decrease in revenue was largely due to the decline in the garment retail market in Hong Kong. The gross profit of the Group also reduced by approximately 15.7% from approximately HK\$54.58 million for the six months ended 30 September 2024 to approximately HK\$46.03 million for the six months ended 30 September 2025.

The Group maintained cost-saving measures during the six months ended 30 September 2025, achieving a total reduction of approximately HK\$12.84 million in distribution and administrative and other operating expenses. This drove a significant narrowing of the loss from operations, which fell from approximately HK\$1.20 million for the six months ended 30 September 2024 to approximately HK\$0.49 million for the corresponding period in 2025. After incorporating finance costs, the loss before taxation of the Group decreased from approximately HK\$2.53 million for the six months ended 30 September 2024 to approximately HK\$1.61 million for the six months ended 30 September 2025. Consequently, the loss attributable to the Shareholders for the six months ended 30 September 2025 dropped by approximately HK\$1.16 million, from approximately HK\$2.09 million for the six months ended 30 September 2024 to approximately HK\$0.93 million over the same period in 2025.

As at 30 September 2025, the Group's current assets and current liabilities amounted to approximately HK\$163.61 million and HK\$80.42 million, respectively, and therefore, a net current asset of approximately HK\$83.19 million was recorded. The current ratio, as expressed as current assets over current liabilities, was 2.03 times as at 30 September 2025. The current assets mainly comprised trading securities of approximately HK\$7.01 million, inventories of approximately HK\$26.78 million, trade and other receivables of approximately HK\$30.64 million and cash and cash equivalents of approximately HK\$99.18 million. The Group's current liabilities mainly comprised trade and other payables of approximately HK\$38.76 million, contract liabilities of approximately HK\$7.91 million, lease liabilities of approximately HK\$17.09 million and dividends payable of approximately HK\$16.59 million.

The non-current assets of the Group amounted to approximately HK\$348.24 million as at 30 September 2025, which mainly included investment properties of approximately HK\$182.01 million, other property, plant and equipment of approximately HK\$36.36 million, intangible assets of approximately HK\$128.44 million and rental deposits of approximately HK\$1.42 million. The Group's non-current liabilities amounted to approximately HK\$26.36 million as at 30 September 2025, which mainly consisted of lease liabilities of approximately HK\$25.40 million.

As at 30 September 2025, the Group had net assets of approximately HK\$405.07 million, while the equity attributable to the Shareholders was approximately HK\$400.40 million. The gearing ratio, as expressed as total liabilities over total assets, was approximately 20.9% as at 30 September 2025.

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A.2 Information on 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 50% by Mr. M. Chan and 50% by Mr. J. Chan. Mr. M. 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. M. Chan is also a cousin of two other executive Directors, namely Mr. Chan Wing Kee and Mr. Fu Sing Yam, William. Mr. J. Chan is a deemed connected person under Chapter 14A of the Listing Rules and is (i) a son of Mr. M. Chan; and (ii) a nephew of Mr. Chan Wing Sun, Samuel, Mr. Chan Wing Fui, Peter and Madam Chan Suk Ling, Shirley, and a first cousin once removed to Mr. Chan Wing Kee and Mr. Fu Sing Yam, William, each an executive Director. As a result, the Purchaser is a connected person of the Company.

Each of Mr. M. Chan and Mr. J. Chan is a merchant. Mr. M. 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. J. Chan, the son of Mr. M. Chan, also has extensive experience in managing branded apparel business and has established various online sales channels in the PRC.

Mr. M. Chan and Mr. J. Chan are also the owners of 75% and 25% equity interest in Citimark, respectively. Citimark was granted an exclusive right by YGM Retail under a trademark license agreement commencing in June 2024 to use the Ashworth IP in the PRC market. In December 2025, Citimark and YGM Marketing, a wholly-owned subsidiary of the Company, entered into the Purchase Master Agreement for the purchase of garments and other products by YGM Marketing from Citimark and a sales master agreement for the sales of garment and other products by YGM Marketing to Citimark.

A.3 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.3.1 Business and operation

YGM Retail is principally engaged in the ownership and licensing of intellectual property. It owns all the Ashworth IP, an iconic golf label, 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 brands or intellectual property rights other than the Ashworth IP.

Since 1998, YGM Retail had been the company licensed with the exclusive right to operate Ashworth branded golf and sporting apparel and accessories in Hong Kong, Macau, the PRC and Taiwan, while the operation, manufacturing, sale and marketing and retailing of the merchandise was undertaken by YGM Marketing, another wholly-owned subsidiary of the Company and a fellow subsidiary of YGM Retail, as part of the Group's operations. In September 2019, YGM Retail acquired the global intellectual property rights of Ashworth for a consideration of US\$4.00 million (approximately HK\$31.39 million). The Group had acquired the Ashworth IP with the intention of developing the Ashworth licensing

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business overseas. In 2022, YGM Retail entered into a trademark license agreement (the “**Trademark License Agreement**”) separately with three independent entities, each of which was granted the exclusive right as a licensee of the Ashworth IP (the “**Licensee**”) in their respective designated territories, namely the United States (“**US**”), the United Kingdom (“**UK**”) and the Republic of Korea (“**South Korea**”).

In 2024, the Company changed its business strategy from operating the Ashworth retail operations in the PRC within the Group to licensing the Ashworth IP to another operator as the PRC market of the Group post-2019 COVID time had not recovered as originally expected. On 5 February 2024, YGM Retail and Citimark entered into a trademark license agreement (the “**PRC Trademark License Agreement**”). Pursuant to the PRC Trademark License Agreement, YGM Retail has granted to Citimark, 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 (a) design the Ashworth branded products in any part of the world; and (b) manufacture and have manufactured Ashworth branded products in the PRC for a term of five years from 1 June 2024 to 31 May 2029. The PRC Trademark License Agreement is renewable subject to the parties further agreeing on (i) a minimum royalty amount for the renewed period; and (ii) Citimark having met the minimum sales amount agreed in the PRC Trademark License Agreement. Meanwhile, YGM Retail also entered into a consignment agreement with Citimark to consign its remaining inventory held by the Group in the PRC to Citimark for sale on behalf of YGM Retail in the PRC after the PRC Trademark License Agreement with Citimark had become effective and up to 31 May 2026.

Broadly speaking, under the four Trademark License Agreements entered into by YGM Retail, the Licensees shall pay YGM Retail royalty fees based on the sales/purchase (as the case may be) amounts, calculated on an escalating scale over the term of each agreement. 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 any given year, the Licensee is required to pay the excess amount in accordance with the terms of their respective Trademark License Agreements.

The Trademark License Agreement for the US territory has an initial term of 10 years from April 2022 to March 2032. The Trademark License Agreement for the UK territory has an initial term of approximately 10.5 years from May 2022 to December 2032. The Trademark License Agreement for the South Korea territory had an initial term of 3.5 years from July 2022 to January 2026. Upon expiry of the initial term, the aforesaid Trademark License Agreements are or were renewable for additional terms, subject to the satisfaction of certain conditions including, among others, the achievement of applicable minimum sales/purchase amounts and/or adjustments to the minimum royalty fee for the relevant renewal term, as stipulated in the respective license agreements. In January 2026, the initial 3.5-year term of the Trademark License Agreement for the South Korean market expired and was not renewed. As at the Latest Practicable Date, Trademark License Agreements for the markets of the US, the UK and the PRC remained valid.

Following the PRC Trademark License Agreement becoming effective, YGM Marketing has remained as the sole operator of the Products for the Hong Kong and Macau markets for the Group. As a condition of Completion, YGM Retail (as licensor) will enter into the DML Agreement with YGM Marketing (as licensee) and Citimark (as a party authorised to sell), whereby (i) YGM Marketing will become a non-exclusive Licensee with the right to use the Ashworth IP in Hong Kong and Macau. As part and parcel of the Disposal, YGM Marketing will not be required to pay any royalty fees to YGM Retail for such rights; and (ii) YGM Retail will authorise Citimark to sell Products to YGM Marketing from time to time for distribution and sale in Hong Kong and Macau.

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A.3.2 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 ten months ended 31 January 2026, prepared according to the Hong Kong Financial Reporting Standards.

	For the ten months ended 31 January 2026	For the year ended 31 March	
	<i>HK\$'000</i>	2025	2024
	(unaudited)	(audited)	(audited)
Revenue	4,357	4,455	1,831
Profit/(Loss) before taxation	2,077	(222)	2
Profit/(Loss) for the period/year attributable to owners of YGM Retail	2,077	(222)	2
		As at	
		31 January 2026	
		<i>HK\$'000</i>	
		(unaudited)	
Non-current assets			31,392
Current assets			1,906
Total assets			33,298
Current liabilities			(33,165)
Total liabilities			(33,165)
Net current liabilities			(31,259)
Net assets			133
Equity attributable to owners of YGM Retail			133

For the two years ended 31 March 2025 and ten months ended 31 January 2026, YGM Retail's revenue was derived solely from royalty fees received from its Licensees. We understand from the management of the Company that, except for the year ended 31 March 2024 where the UK Licensee paid royalty fee in excess of its prescribed minimum royalty fee level, all four Licensees paid minimum royalty amounts only as the royalty fees calculated by reference to their actual sales or purchase amounts did not exceed the prescribed minimum royalty levels under their respective license agreements.

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For the year ended 31 March 2025, 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: (i) an increase in the minimum royalty amounts payable by the Licensees for the US and UK markets pursuant to the escalating scale set out in their respective Trademark License Agreements; and (ii) the contribution of royalty amount from Citimark as new Licensee for the PRC market starting from June 2024.

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 comprised fashion show promotion expenses, brand promotion and media advertising expenses, promotion expenses sponsored to artists and display expenses sponsored to the licensees, totaling over HK\$2.5 million, were incurred to promote the Ashworth IP in Hong Kong and Macau. In September 2024, the Ashworth brand launched a grand marketing and promotional campaign in Hong Kong for new collections with trendier and more fashionable apparel, appealing to the younger generation of golf players and casual wear consumers for the Asian market. However, the marketing and promotional campaign did not achieve its original marketing targets.

Based on the Company's unaudited management accounts, for the ten months ended 31 January 2026, the revenue of YGM Retail amounted to approximately HK\$4.36 million, representing an increase of approximately HK\$0.70 million (or 19.1%) as compared to the prior corresponding period. Such an increase was mainly due to the minimum royalty commitments in escalating scale from the Licensees in the US and the UK. Among the revenue, approximately HK\$1.20 million (27.5%) was royalty fee received from the South Korean Licensee, the Trademark License Agreement with whom expired in January 2026. We were advised by the management of the Company that YGM Retail had not yet identified any potential candidates for licensing the South Korea market as at the Latest Practicable Date.

In view of the disappointment of last year's marketing and promotional campaign, YGM Retail strategically withheld a big-scale marketing and promotional budget for the year ended 31 March 2026 in order to re-assess the market trend and re-position itself in the competitive environment. Given less promotional activities and events were carried out for the ten months ended 31 January 2026, the marketing and advertising expenses reduced by approximately HK\$1.44 million as compared to the last corresponding period, resulting in a saving of administrative expenses of approximately HK\$1.84 million for the ten months ended 31 January 2026. YGM Retail recorded a net profit of approximately HK\$2.08 million for the ten months ended 31 January 2026 as compared to a net loss of approximately HK\$0.47 million for the ten months ended 31 January 2025.

The Company considers that maintaining profitability over the longer term would likely require recurring marketing and promotional expenditure, particularly if YGM Retail were to seek to attract new licensees or to enhance revenue contributions from existing licensed markets. YGM Retail incurred substantial marketing and advertising expenses for the year ended 31 March 2025 while such expenditures were largely campaign-specific and the effects were not expected to be enduring. In view of changing market conditions and evolving consumer preferences, ongoing marketing and promotional efforts are necessary to maintain brand visibility, support new product launches and retain customer loyalty. Although prior marketing initiatives provided useful insights into customer preferences, effective marketing channels and campaign execution for future refinement, continued investment in marketing and advertising remains important to reinforce brand positioning, address competitive pressures and support the long-term sustainability and competitiveness of the business. It is also noted that other than the marketing and promotional campaign expenses incurred for the year ended 31 March 2025, running costs

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comprising management, personnel and other administrative expenses of approximately HK\$2 million constituted a major part of the costs of YGM Retail over the period. Given that these expenses are overheads required to run a normal operation for the licensing business, the profitability of YGM Retail depends largely on the scale of operation to expand its market coverage for other territories beyond the existing ones in the US, UK and the PRC so that the relatively fixed running costs incurred by YGM Retail would become more economical.

In addition, as YGM Retail will no longer receive royalty income from the South Korean Licensee after the expiration of the relevant Trademark License Agreement in January 2026 and no potential candidates for licensing the South Korean market have been identified, YGM Retail's revenue base in the near term is expected to be lower and more concentrated. Furthermore, except for the UK Licensee for the year ended 31 March 2024, the historical sales performance of all the Licensees had only met the minimum royalty thresholds stipulated under the respective Trademark License Agreements. Thus, the future performance of the Licensees and the likelihood of renewal of their Trademark License Agreements upon expiry remain uncertain. Based on the above and the fact that the transition from a loss-making position in the prior financial year ended 31 March 2025 to current profitability was primarily driven by the absence of marketing and advertising outlays during the period, we concur with the view of the Company that the current profit levels are likely temporary and such performance may not be indicative of long-term sustainability.

As at 31 January 2026, based on the Company's unaudited management accounts, YGM Retail had current assets and current liabilities of approximately HK\$1.91 million and HK\$33.17 million, respectively, resulting in a net current liability of approximately HK\$31.26 million. The current ratio, as expressed as current assets over current liabilities, was 0.06 times as at 31 January 2026. The current assets comprised account receivable, prepayments and cash and cash equivalents of approximately HK\$0.98 million, HK\$0.17 million and HK\$0.76 million, respectively. YGM Retail's current liabilities comprised provision and accrued charges of approximately HK\$0.31 million, receipts in advance of approximately HK\$1.03 million and the Sale Loan of approximately HK\$31.83 million.

Non-current assets of YGM Retail, which consist entirely of the Ashworth IP, were valued at approximately HK\$31.39 million as at 31 January 2026. Consequently, YGM Retail reported net assets of approximately HK\$0.13 million and a gearing ratio, as expressed as total liabilities over total assets, of approximately 99.6% as at 31 January 2026.

A.4 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.

Due to the historical underperformance of the four then existing Licensees, who had consistently paid only minimum royalty fees (except the UK Licensee who paid royalty fee in excess of its prescribed minimum royalty fee level for the year ended 31 March 2024), casting uncertainty on future performance and renewals. Given these factors and the small losses recorded by YGM Retail, the Directors considered it was the right time to realise the Group's investment in the Ashworth IP and the Board had, for the first time, proposed to divest its investment in YGM Retail by way of a disposal of all the Group's interest held in YGM Retail in September 2025. This strategic move was considered to allow the Company to recoup its total investment amidst uncertain market conditions while preserving its core garment operations through the 2025 DML Agreement and continuing to benefit as the exclusive licensee of the Ashworth brand in Hong Kong and Macau.

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On 11 September 2025, the Vendors and the Debt Vendor entered into the 2025 SPA with Citimark (as purchaser) for the proposed disposal of the entire equity interests in YGM Retail and the assignment of the then shareholders' loan owing from YGM Retail to the Debt Vendor, to Citimark. However, at the 2025 EGM convened and held on 4 November 2025 for the purpose of approving the 2025 Proposal, the requisite shareholders' resolutions to approve, execute and implement the 2025 SPA and 2025 DML Agreement were not passed by a majority of Independent Shareholders voting at the meeting. Accordingly, the 2025 Proposal had fallen through and the 2025 DML Agreement was not entered into by the parties.

As disclosed in the Interim Report, the Hong Kong garment retail market has continued to decline amid rising geopolitical uncertainties. In light of these developments and an increasingly challenging consumer market, the Directors have revisited the Group's business and operating environment and, in particular, considered a number of factors which continue to affect the commercial outlook and sustainability of YGM Retail and the Ashworth-related business. The business faces suppressed royalty income as all Licensees remain restricted to minimum payments amid weak global economic conditions. This is further exacerbated by the non-renewal of the South Korea license, which previously constituted 27% of the Group's licensing revenue, and the high capital risks required to reposition the brand. Compounded by official data indicating a structural decline and cautious consumer spending in the Hong Kong garment retail market, the Directors consider it prudent to dispose of YGM Retail while retaining the rights to use the Ashworth IP in Hong Kong and Macau via a new proposal as it would allow the Group to mitigate ongoing market risks associated with YGM Retail, enhance liquidity, reallocate its resources and maintain operational flexibility in order to respond to the evolving market conditions.

Following arm's length negotiations with the Purchaser and Citimark, the Company proposes to dispose of YGM Retail to the Purchaser and enter into a non-exclusive distribution and manufacturing license agreement (i.e. the DML Agreement) for the use of the Ashworth IP in Hong Kong and Macau. Upon Completion, YGM Retail will cease to be a subsidiary of the Company, while the Group will continue its existing businesses. While the fundamental framework and terms and conditions of the Proposal and the 2025 Proposal are basically the same, there are two particular changes made in the DML Agreement, which involve: (i) YGM Marketing being granted a non-exclusive right to manufacture, market, distribute and sell the Products in Hong Kong and Macau under the DML Agreement. (In the 2025 DML Agreement, it was agreed by Citimark that YGM Marketing be granted an exclusive right for the same activities); and (ii) YGM Marketing not being required to meet any minimum purchase requirements for renewal of the DML Agreement after the expiry of the first term. (In the 2025 DML Agreement, the minimum purchase requirement was HK\$10 million in each 12-month period during the initial three-year term)

Our view on the reasons for the Disposal

In formulating our current opinion, we based on the prevailing market conditions, the updated financial position of the Group, and the enhanced disclosures provided in the Circular. We consider the terms of the previous agreements in relation to the 2025 Proposal to be distinct from the current exercise and our evaluation is based on the merits of the SPA and the DML Agreement under the present economic climate and focuses on their current fairness as at the Latest Practicable Date. We believe that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to seek Independent Shareholders' approval again for the Proposal as this allows the Shareholders to consider the transactions contemplated therein under a more comprehensive and updated factual framework.

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YGM Retail had been the exclusive licensee for Ashworth-branded golf and sporting apparel and accessories in Hong Kong, Macau, the PRC and Taiwan from 1998 until September 2019, when it acquired the global intellectual property rights of the Ashworth brand for a consideration of approximately HK\$31.39 million. Thereafter, YGM Retail's principal business shifted to the ownership and licensing of the Ashworth IP, while the Group's wholesaling, retailing and manufacturing operations for the Products have been conducted by other operating subsidiaries, primarily YGM Marketing in Hong Kong and Macau.

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 these plans. In 2022, YGM Retail entered into Trademark License Agreements with three independent Licensees covering the US, the UK and South Korea. In a strategic shift in February 2024, the Company discontinued its self-operated Ashworth retail operations in the PRC. Concurrently, the Group appointed Citimark as the Licensee in the PRC with effect from 1 June 2024, granting Citimark, (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 such products in the PRC.

The royalty structure under these Trademark License Agreements includes a minimum royalty, with additional royalties payable based on the amount of the Licensees' sales or purchases (as the case may be). However, largely due to a weak global retail environment, all Licensees, save for the UK Licensee for the year ended 31 March 2024, have met only their minimum royalty obligations, with no excess royalties paid to YGM Retail. Since the 2025 EGM, in the face of the challenging market conditions, including weak consumer sentiment, lacklustre global economic performance and heightened competition, all of the Licensees' performance continued to be below expectations, with royalty income from all Licensees limited to the prescribed minimum royalty payments. The Company remains concerned as to the Licensees' future sales performance.

Despite the effort of the South Korea Licensee, its sales performance was much below the target sales level envisaged by YGM Retail and the South Korea Licensee. The royalty income received by YGM Retail was limited to the minimum royalty payments of the 3 year licensing term before it expired in January 2026. Both parties had decided to discontinue the licensing collaboration. As a result of the non-renewal of the Trademark License Agreement for South Korea, YGM Retail's revenue in the current financial year ending 31 March 2027 will be adversely affected until new licensing arrangements bear fruit in South Korea or other markets. Despite management's efforts to identify and engage potential new licensees, no suitable arrangements have been concluded to date.

In light of this historical performance, the Directors consider the future performance of the Licensees over the remaining terms of the Trademark License Agreements, and the likelihood of renewals upon expiry, to be uncertain. Furthermore, the Directors are of the further view that in order to reposition YGM Retail in the prevailing competitive and fast-moving global apparel market, substantial capital investment and human resources would need to be deployed to strengthen brand building, promotion and marketing efforts, as well as to adapt to evolving consumer behaviour and preference. On the other hand, there are no prudent hands to reasonably assure that these initiatives would generate commensurate returns under the current tough market conditions.

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While YGM Retail recorded a breakeven result for the year ended 31 March 2024, it recorded a net loss for the year ended 31 March 2025 mainly due to the significant amount of marketing and advertising expenses incurred during the year, including expenses relating to a fashion show held at the Hong Kong Convention and Exhibition Centre in September 2024, offsetting the increase in revenue for the year due to increase in minimum royalty amounts payable by the US and UK Licensees pursuant to the escalating royalty scale set out in their respective Trademark License Agreements. According to the Company's unaudited management accounts, YGM Retail recorded a profit for the ten months ended 31 January 2026, mainly due to the absence of said marketing and advertising expenses. Based on these factors, the Board is of the view that the profit level recorded by YGM Retail for the ten months ended 31 January 2026 may not be sustainable in the future without the incurrence of meaningful marketing and advertising expenses, and YGM Retail's future earnings capacity remains uncertain.

The Group has continued to focus on operating its principal businesses. In addition to sales of Ashworth garment products, the Group also distributes and sells J. Lindeberg garment products in Hong Kong and Macau. Despite these efforts, as discussed in the Interim Report, the Group's revenue for the six months ended 30 September 2025 declined by approximately 11.1%, largely due to the downturn in the Hong Kong garment retail market. On the other hand, certain other business segments recorded stable or improved performance during the period. Notably, the Guy Laroche brand generated slightly higher licensing income through its worldwide licensing system, while the printing and related services business recorded a modest increase in revenue.

In view of the increasingly uncertain global retail environment, the Directors remain of the view that realising the investment in the Ashworth IP would benefit the Group by allowing it to mitigate ongoing market risks associated with YGM Retail, enhance liquidity, reallocate resources and maintain operational flexibility to respond to evolving market conditions. Accordingly, the Directors believe the Disposal represents a timely opportunity for the Group to realise its investment in the Ashworth IP.

Upon Completion, the Group's traditional operations in garment manufacturing, wholesaling, retailing, sales and marketing, including those related to the Ashworth brand, will be concentrated in Hong Kong and Macau. Under the DML Agreement, the Ashworth brand will be operated under a royalty-free, non-exclusive license to be granted by YGM Retail to YGM Marketing, a wholly-owned subsidiary of the Company.

The gross proceeds from the Disposal amount to HK\$34.32 million. The Group currently intends to apply the cash proceeds from the Disposal as general working capital of the Group and, having regard to ongoing global economic challenges, geopolitical tensions and market uncertainties, on an indicative basis and subject to the Group's operational requirements from time to time, the Board anticipates that (i) approximately 50% will be used to support inventory procurement to maintain appropriate stock levels in response to market demand; (ii) approximately 20% will be used to meet supplier payments including deposits, revised credit terms or other payment arrangements; (iii) approximately 20% will be used to finance trade and other receivables amid potentially longer customer collection cycles; and (iv) approximately 10% will be used as the Group's general operating expenses.

Having considered that (i) the Licensees have consistently underperformed, largely meeting only the minimum royalty payments, and the future performance of the Licensees and renewal of the Trademark License Agreements upon expiry remain uncertain; (ii) the improvement in performance for the ten months ended 31 January 2026 is largely attributable to a temporary reduction in operating expenses, specifically in marketing and brand development, and may not be indicative of long-term sustainability; (iii) substantial future investment would be required, which may compress future margins,

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to ensure the long-term viability of the Ashworth brand and YGM Retail's future earnings capacity remains uncertain; (iv) the Disposal enables the Group to realize its investment in the Ashworth IP at a fair price and provides additional general working capital to support the Group's daily operations; and (v) the Disposal will have positive financial effects on the Group's earnings, financial position, cash flow and working capital, details of which are set out in the section headed "A.6 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.

A.5 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 a 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 the Completion Date.

As at the Latest Practicable Date, the first 10% of the Consideration referred to in (i) above had been paid by the Purchaser upon signing of the SPA.

The total Consideration was arrived at after arm's length negotiations among the Vendors, the Debt Vendor and the Purchaser with reference to (i) the Group's original acquisition cost of the Ashworth IP of approximately HK\$31.39 million; (ii) the financial position of YGM Retail, which was approximately HK\$0.13 million as at 31 January 2026; and (iii) the amount of the Sale Loan, which was approximately HK\$31.83 million as at 31 January 2026 and was not to exceed HK\$32.00 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 HK\$133,000 as at the Valuation Date, based on the asset-based valuation approach.

The total Consideration of HK\$34.32 million represents a premium of approximately HK\$2.19 million over a base value of approximately HK\$32.13 million, which was derived by adjusting the maximum amount of the Sale Loan of HK\$32.00 million as at Completion for YGM Retail's net assets of approximately HK\$0.13 million as at 31 January 2026.

The total Consideration of HK\$34.32 million will be allocated as to (i) approximately HK\$2.49 million for the Sale Shares, which shall be distributed equally between YGM Limited and Yampa Investments Limited (i.e. approximately HK\$1.25 million each); and (ii) approximately HK\$31.83 million for the Sale Loan on a dollar-for-dollar basis, which shall be distributed to the Debt Vendor.

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A.5.1 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 HK\$133,000 as at the Valuation Date.

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 the 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 the 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 to 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.

The Valuer has indicated in the Valuation Report that they have no reasons to doubt the truth and accuracy of the information provided by the Company. Management of the Company has further confirmed to the Valuer, and subsequently to us, that no material facts have been omitted and all information and representations provided are accurate and complete in all material respects. Based on our review of the Valuation Report and the relevant engagement letter, as well as our discussions with both the Company and the Valuer, nothing has come to our attention that would cause us to query the reliability of the information or the reasonableness of the representations relied upon by the Valuer.

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.

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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 things, 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 assets minus its liabilities. The Valuer determined that the asset-based approach was most suitable for valuing YGM Retail as each component of YGM Retail'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 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 and 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 a 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 to be inappropriate for the Valuation.

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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 Valuer considers the original acquisition cost of the Ashworth IP in September 2019 represents its market value as of the Valuation Date, as no subsequent development costs or capital expenditures that directly and solely enhanced the value of the Ashworth IP were incurred following its acquisition. Although 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 capitalised into the asset's carrying value.

The market approach was deemed inappropriate due to the absence of similar and comparable intellectual property assets in the market. Furthermore, the income approach was also considered infeasible. 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 accounts receivable, prepayments and cash and cash equivalents. They were liquid assets and in a 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.

Valuation of YGM Retail

The Valuer assessed the net assets of YGM Retail to be approximately HK\$133,000 as at the Valuation Date. The market values of the individual balance sheet items are set out as follows:

	<i>Approximately HK\$'000</i>
Ashworth IP	31,392
Accounts receivable	975
Prepayment	173
Cash and cash equivalents	<u>758</u>
Total assets	<u>33,298</u>
Provision and accrued charges	(308)
Receipts in advance	(1,032)
Amount due to the Group (i.e. the Sale Loan)	<u>(31,825)</u>
Total liabilities	<u>(33,165)</u>
Net assets	<u><u>133</u></u>

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Based on the above, the Valuer concluded that the market value of 100% equity interest in YGM Retail as at the Valuation Date was HK\$133,000.

Given that 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 IP 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 approximately HK\$2.49 million allocated to the Sale Shares implies a premium of approximately HK\$2.36 million over the net assets of YGM Retail of approximately HK\$0.13 million as at 31 January 2026.

Other valuation alternatives

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

According to the unaudited financial information of YGM Retail, YGM Retail's net asset value amounted to approximately HK\$0.13 million as at 31 January 2026. The price-to-book ratio implied by the Consideration allocated to the Sale Shares of approximately HK\$2.49 million was 19.2.

We have researched the website of the Stock Exchange for companies which (a) are currently listed on the Stock Exchange; and (b) have 50% of their revenue derived from licensing of trademarks. Criterion (a) was set for the purpose of limiting the comparable samples to those companies with reliable public financial information for comparison purposes, while criterion (b) was set so that only those companies whose principal activities are similar to those of YGM Retail are included as comparable samples. However, no companies meet all the abovementioned selection criteria, and thus no meaningful comparison can be achieved. Therefore, we consider that the net assets approach was also not applicable for assessing the value of YGM Retail.

We have also considered assessing the value of YGM Retail by the discounted cash flow method. However, given that a valuation using the discounted cash flow 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.

Having considered that the Consideration allocated to the Sale Shares represents a premium over the market value of YGM Retail of HK\$133,000 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.

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A.5.2 Consideration allocated to the Sale Loan

As at 31 January 2026, cash and cash equivalents and the Sale Loan of YGM Retail amounted to approximately HK\$0.76 million and HK\$31.83 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 approximately HK\$31.83 million, which is equal to the face value of the Sale Loan as at 31 January 2026, is fair and reasonable.

Having considered that (i) the consideration allocated to the Sale Shares 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.6 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 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 recognise an unaudited gain of approximately HK\$2.36 million, representing the difference between (i) the Consideration of HK\$34.32 million; (ii) the unaudited net assets of YGM Retail as at 31 January 2026 of approximately HK\$0.13 million; and (iii) the Sale Loan as at 31 January 2026 of approximately HK\$31.83 million.

Cashflow

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

Net asset value

Given that 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.

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Working capital

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 and working capital.

B. THE CONTEMPLATED CCTs

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

B.1 Reasons for the Contemplated CCTs

As detailed in the letter from the Board, YGM Retail is a wholly-owned subsidiary of the Company and the registered owner of the Ashworth IP. In this capacity, YGM Retail acts as the licensor of the Ashworth IP. Under the relevant trademark licensing arrangements, YGM Retail granted Citimark a trademark licence authorising Citimark to use the Ashworth IP in connection with the design, manufacture and sale of Ashworth-branded products in the PRC. Separately, pursuant to the Purchase Master Agreement, Citimark supplies products, including products bearing the Ashworth IP, to YGM Marketing. YGM Marketing purchases the Products from Citimark pursuant to the Purchase Master Agreement and also from other manufacturers licensed by YGM Retail. Accordingly, prior to Completion, YGM Retail functions as the Ashworth IP owner and licensor, Citimark acts as the licensee and supplier, and YGM Marketing acts as the purchaser and distributor of the Products.

Upon Completion, YGM Retail will cease to be a subsidiary of the Company and become wholly owned by the Purchaser, while remaining as the registered owner of the Ashworth IP. The existing trademark licence granted by YGM Retail to Citimark in the PRC will continue to be in force. To ensure an 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 so that YGM Retail will grant YGM Marketing a non-exclusive licence to use the Ashworth IP in connection with the manufacture, promotion, marketing, distribution and sale of the Products in Hong Kong and Macau at no licence cost, and Citimark, which holds the licence for the PRC, will be authorized to sell the Products to YGM Marketing for sale in Hong Kong and Macau. Citimark will continue to manufacture and supply Products bearing the Ashworth IP in accordance with the relevant licensing arrangements between YGM Retail and Citimark. Following Completion, the Purchase Master Agreement will be terminated and the purchase of Products by YGM Marketing from Citimark will thereafter be conducted pursuant to the DML Agreement. The DML Agreement primarily restructures the licensing and authorisation framework following the Completion without materially altering the commercial substance of the existing product supply arrangements.

The Directors consider that entering into the DML Agreement is essential as it grants the Group a 3-year royalty-free, non-exclusive right to continue utilising the Ashworth IP for its operations, together with other brands, in 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, alongside the Group's distribution and sales of the J. Lindeberg brand.

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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 Contemplated CCTs 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 among YGM Retail, YGM Marketing, a wholly-owned subsidiary of the Company, and Citimark concurrently with the Completion on the Completion Date. The initial term of the agreement shall be three years. Pursuant to the terms of the DML Agreement, YGM Retail shall grant YGM Marketing, without charging any royalty fee, (i) a non-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 at YGM Marketing's own points of sales or shops-in-shops within Hong Kong and Macau. A recommended list of wholesale and retail prices for the sale and distribution of the Products shall be provided and updated from time to time by YGM Retail to YGM Marketing for its reference; (ii) a non-exclusive right to manufacture the Products worldwide. YGM Retail shall make available to YGM Marketing the design 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 use the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau.

YGM Retail, as the registered owner of the Ashworth IP, authorises Citimark to sell the Products to YGM Marketing from time to time for distribution and sale in Hong Kong and Macau. Such authorisation is granted in view of Citimark's existing role as a licensed manufacturer and operator in the PRC under its trademark license arrangements with YGM Retail, pursuant to which Citimark is permitted to manufacture Products bearing the Ashworth IP. Pursuant to this arrangement, Citimark will continue to manufacture the Products in accordance with the design specifications, quality standards and branding requirements stipulated by YGM Retail under the relevant licensing arrangements. YGM Retail does not directly manufacture, sell or supply the Products, but instead exercises control over the use of the Ashworth IP through its licensing framework. The sale of the Products by Citimark to YGM Marketing is therefore conducted within the scope of Citimark's authorised manufacturing and use of the Ashworth IP, and with the express authorisation of YGM Retail under the DML Agreement. YGM Marketing, as a licensee of the Ashworth IP in Hong Kong and Macau under the DML Agreement, may purchase the Products from Citimark for the purpose of wholesaling, retaining, marketing and sale in Hong Kong and Macau.

Renewal upon expiry of the Initial Term

The DML Agreement shall be effective on the Completion Date and continue for a term of three years (the "**Initial Term**"). Provided that YGM Marketing is not in default or breach of provisions under the DML Agreement and subject to compliance with the applicable Listing Rules, YGM Marketing is entitled to renew the DML Agreement for a further term of three years upon expiry of the Initial Term. In case YGM Marketing does not exercise the option to renew the DML Agreement, the parties may initiate negotiations for a renewal no later than six months before expiration of the DML Agreement, provided that the DML Agreement is still in force and that no parties are in default.

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Based on current business plans, the historical performance of the Ashworth retail business in Hong Kong and Macau, and the terms of the DML Agreement, the Directors currently intend to renew the agreement for the Second Term (as defined below) upon expiry of the Initial Term. While the Directors and management are fully committed to maximising shareholder value, future business performance remains subject to external risk factors beyond the Group's control. Accordingly, any decision to renew the DML Agreement at the end of the Initial Term will depend on a thorough assessment of the prevailing market conditions, the brand performance of Ashworth, the operational and financial performance of the Group's Ashworth retail business and the Group's broader strategic and commercial considerations at that time.

We understand from management of the Company that the Company will continue to monitor and assess the performance and market conditions of its various businesses, including the wholesaling and retailing of Ashworth-branded garments in Hong Kong and Macau (the "**Ashworth Business**"), on an ongoing basis. Prior to the expiry of the second three-year term of the DML Agreement (the "**Second Term**"), provided that market conditions and the operational performance of the Ashworth retail business remain satisfactory, the Group intends to negotiate with YGM Retail for the continued use of the Ashworth IP and the procurement of products from Citimark. As long as the Group's Ashworth Business performs satisfactorily and sustains royalty income for YGM Retail, the Directors see no commercial justification for YGM Retail to withhold an extension of the licensing arrangement after the Second Term expires.

Should the Group's Ashworth retail business experience a material deterioration in market demand or operating performance during the Second Term of the DML Agreement, the Group will adjust its operations accordingly. Such mitigating measures include sourcing alternative brands and/or products for the garment business and/or reallocating resources and manufacturing capacity toward third-party OEM and/or ODM arrangements.

We have discussed with the management of the Company regarding the feasibility, timing and execution of the contingency plans and noted that it took less than a year for sourcing, negotiating and licensing a new brand based on the Group's previous experiences. The 3+3 year horizon of the DML Agreement provides a buffer for the required cycle to source, negotiate and launch a new licensed brand, allowing for multiple attempts if necessary. Furthermore, the royalty-free nature of the DML Agreement serves as a critical strategic buffer. By operating without the burden of licensing fees for six years, the Group can preserve near-term cash flows and reinvest these savings into the development of alternative business segments or the acquisition of new distribution rights, effectively mitigating the concentration risk of heavy reliance on the Ashworth Business.

Furthermore, the Group's financial performance demonstrates a successful trend toward strategic diversification, significantly reducing its single-brand reliance. Historical data shows that the Ashworth brand's contribution to total revenue decreased from 39.7% for the year ended 31 March 2025 to 32.5% for the six months ended 30 September 2025. Conversely, the Group's broader portfolio has expanded during the same periods, J. Lindeberg and other garment brands grew from 27.2% to 29.6% of total revenue, while Guy Laroche trademark licensing (rising from 9.7% to 10.9%), printing and related service (rising from 15.5% to 17.3%), and property rental (rising from 5.4% to 6.5%) further anchored the Group's income. This balanced multi-segment framework allows management to dynamically allocate resources in response to shifting market conditions.

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Accordingly, the Directors are confident that the Group has sufficient operational flexibility and lead time to implement appropriate mitigating measures, including the gradual introduction of alternative brands and/or products, and/or reallocation of resources across its business segments in the event that the DML Agreement is not renewed after the Second Term. Accordingly, the potential adverse impacts on the Group would be mitigated as any adverse impact is likely to be manageable subject to the effective implementation of the above measures and would not materially affect the Group's existing business operations or long-term strategy in manufacturing, wholesaling, retailing, sale and marketing of garments in Hong Kong and Macau in the event that the DML Agreement is not renewed.

Having considered that (i) the DML Agreement is royalty-free; (ii) YGM Marketing maintains a unilateral right to renew for the Second Term, provided it is not in default; (iii) as long as the Group's Ashworth Business performs satisfactorily and sustains royalty income for YGM Retail, the Directors see no commercial justification for YGM Retail to withhold an extension of the licensing arrangement after expiry of the term of the DML Agreement; and (iv) the renewal of the DML Agreement upon expiry of the Initial Term allows YGM Marketing to continue reaping the rewards of the established synergies without the need for new capital expenditure associated with adopting a new brand, we consider that it would be commercially counter-intuitive to relinquish a zero-cost revenue driver while YGM Marketing remains in compliance with the DML Agreement, and the renewal of the DML Agreement upon the expiry of its term is highly probable. Furthermore, if the Ashworth Business underperforms or if renewal beyond the six-year mark appears commercially unviable, the Group has the operational latitude to gradually introduce new brands to the portfolio to dilute the 27.1% revenue concentration well before the expiry of the Second Term and pivot manufacturing capacity toward third-party OEM/ODM contracts or other internal business segments. In addition, the Group retains its manufacturing know-how, supply chain networks and retail footprint in Hong Kong and Macau. These intangible assets are brand-agnostic and provide the Group with the flexibility to pivot toward other products or brands with minimal structural friction should the DML Agreement not be renewed beyond the six-year period. Therefore, we concur with the Directors' view that the Group's existing business operations or long-term strategy in manufacturing, wholesaling, retailing, sale and marketing of garments in Hong Kong and Macau would not be materially impacted should the DML Agreement not be extended beyond the Second Term. Accordingly, we consider that the renewal term of the DML Agreement is in the interest of the Company and fair and reasonable so far as the Independent Shareholders are concerned.

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 from Citimark. For Products purchased from Citimark, pricing will be determined on an arm's length basis using a cost-plus approach. The purchase price will be equal to Citimark's acquisition cost plus a markup not more than 10%. Such a cost-plus approach with a profit margin of not more than 10% is determined based on similar 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.

Despite YGM Retail having entered into Trademark License Agreements as a licensor, none of these agreements includes clauses governing product selling prices to Licensees. We were confirmed by the management of the Company that YGM Retail 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.

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

In December 2025, YGM Marketing and Citimark entered into the Purchase Master Agreement for the purchase of garments and other products by YGM Marketing from Citimark and a sales master agreement for the sales of garments and other products by YGM Marketing to Citimark, details of which are set out in the Company's announcement dated 31 December 2025. Since then, in addition to sourcing and purchasing the Products from independent suppliers, YGM Marketing has also sourced and purchased the Products from Citimark, amounting to approximately HK\$4.45 million in aggregate for the period from 1 January 2026 to 30 April 2026 based on the Company's unaudited management accounts.

We have performed a review of five randomly selected purchase orders issued by YGM Marketing to Citimark and three invoices issued by Citimark to YGM Marketing, representing approximately 20% of the total transaction amount during the period from the effective date of the Purchase Master Agreement to 30 April 2026. These samples were compared against quotations obtained from other apparel suppliers, all being Independent Third Parties, for products of a similar nature and under comparable commercial terms, including payment and delivery schedules. In view of our random selection process and the coverage of the relevant period, we consider the sampling methodology to be statistically representative and sufficient for the purpose of our assessment. Our review shows that the terms offered by Citimark were not less favourable to YGM Marketing than those available from Independent Third Parties. Accordingly, we are of the view that the Group's internal pricing policy has been consistently applied in its daily operations.

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 Citimark and may source the Products from Independent Third Parties at its absolute discretion; and (iv) adequate internal control procedures and corporate governance measures are in place to ensure pricing from Citimark is competitive and no less favourable 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.

Non-exclusive rights, royalty fee and no minimum purchase requirements

Pursuant to the DML Agreement, the rights granted by YGM Retail to YGM Marketing for marketing, distribution and sale of the Products within Hong Kong and Macau, manufacturing the Products worldwide, and using the Ashworth IP in connection with the manufacturing, promotion, marketing, distribution and sale of the Products within Hong Kong and Macau are non-exclusive and royalty-free, and there are no minimum purchase requirements for renewal of the DML Agreement upon expiry of the Initial Term.

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Notwithstanding the non-exclusive nature of the rights granted to YGM Marketing, the Directors are of the view that the non-exclusive licensing condition is commercially acceptable in the circumstances:

- (i) the Group has been operating the Ashworth-related business in, among other places, Hong Kong and Macau since 1998. For over two decades, the Group operated as the exclusive licensee of Ashworth until it acquired the Ashworth IP in September 2019 and became the brand owner. As such, the Group has broad and deep experience operating the Ashworth retail business in the territories, having built key industry relationships, studied local consumer preferences and become sensitive to changing market conditions, both as brand licensee and as brand owner. The Group is well-positioned to leverage all its first-mover advantages to maintain its market share and compete against new licensees, if any;
- (ii) the Group has a wide and entrenched network of retail stores across prime shopping areas and tourist hotspots in Hong Kong and Macau, which raises the barrier to entry for new licensees in Hong Kong and Macau. New market entrants are unlikely to compete efficiently in the same locations as the Group's existing stores and, while they may attempt to find footholds in places where the Group does not have any presence, many such spots have, over the years, already been scouted out by the Group and found to be less commercially viable than its current stores;
- (iii) from a business perspective, the Group considers that real competition for Ashworth Products does not come from new licensees, but rather from other sporting and apparel brands which sell similar or substitute products. Major competitors include multinational sporting brands with golfing sub-brands and product lines, such as Nike and Adidas, followed by international golfing apparel brands, such as TaylorMade and Callaway. The Group's Ashworth retail business in Hong Kong has competed with these well-known brands for many years and has successfully carved out a niche in the market; and
- (iv) multiple licensees competing in the market can also have beneficial effects, such as encouraging better service and after-sales support. Each licensee's marketing endeavours may further enhance awareness of the Ashworth brand and facilitate penetration into different customer segments, benefiting all Licensees in alluring new customers.

We concur with the Directors' view that the non-exclusive arrangement remains beneficial to the Group, as the elimination of royalty obligations preserves near-term cash flows and enhances margin certainty. In comparable brand distribution arrangements, exclusivity is typically accompanied by significant upfront guarantee payments, ongoing royalty tiers, or minimum purchase commitments. By securing distribution rights without royalty consideration, YGM Marketing avoids both fixed financial obligations and the margin compression that usually accompanies exclusivity. Furthermore, exclusive arrangements often impose rigid performance thresholds, termination penalties, or investment mandates that could prove suboptimal amid shifting consumer preferences or macroeconomic volatility in the licensed territory. The current structure allows YGM Marketing to capture the full economic benefit of brand distribution without assuming the contingent liabilities typical of an exclusive framework, thereby preserving strategic flexibility and mitigating downside risk. Notably, even under a non-exclusive framework, YGM Marketing's first-mover positioning, operational infrastructure and established trade relationships in the territory provide a strong competitive foothold in the territory. Given that a new third-party distributor would face significant practical challenges replicating YGM Marketing's retail footprint and customer reach for the Ashworth brand in the near term, the practical impact of the lack of

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formal exclusivity is materially reduced. Given that a new third-party distributor would face significant practical challenges replicating YGM Marketing's retail footprint and customer reach for the Ashworth brand in the near term, the practical impact of the lack of formal exclusivity is materially reduced.

To evaluate the fairness of the DML Agreement's terms, we have performed a comparative analysis against other Trademark License Agreements entered into between YGM Retail and various independent third-party licensees. We noted that while these independent licensees are granted exclusive rights within their respective territories, they are subject to rigorous financial obligations, including (i) variable royalty fees, which are calculated based on a percentage of sales; and (ii) minimum annual royalty payments ("MARP") – a committed, non-refundable base payment ranging from US\$68,000 (equivalent to approximately HK\$0.53 million) to US\$300,000 (equivalent to approximately HK\$2.34 million) per annum.

In contrast, the DML Agreement is royalty-free and carries no such minimum financial commitments. Our quantitative assessment reveals that the absence of a MARP alone represents a direct cost saving of at least approximately HK\$0.53 million annually for the Group. Moreover, the exclusive rights granted by YGM Retail to YGM Marketing for marketing, distribution and sale of the Products within Hong Kong and Macau under the 2025 DML Agreement, YGM Marketing was burdened by a minimum purchase requirement of HK\$10.00 million per annum in order to renew the 2025 DML Agreement for a further term of three years upon the expiry of its initial term of three years. The DML Agreement entirely eliminates this commitment, alongside all royalty obligations.

We consider that the substantial economic benefit derived from the absence of MARP and the royalty-free status more than compensates for the non-exclusive nature of the rights, particularly as the Group retains its de facto market leadership in the specified territories.

The totality of these factors supports 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 Annual Caps

The Annual Caps for the purchase of the Products from Citimark 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 2027	8,900
For the year ending 31 March 2028	9,900
For the year ending 31 March 2029	9,900

In determining the Annual Caps for the purchase of the Products, the Directors have considered the following factors: (i) historical purchase amounts of the Products by the Group from manufacturers during the financial year ended 31 March 2025 2026, which amounted to HK\$15.20 million and HK\$14.45 million, respectively; (ii) historical purchases made by YGM Marketing from Citimark pursuant to the Purchase Master Agreement which commenced on 1 January 2026 and amounted to approximately HK\$4.45 million up to 30 April 2026; (iii) budgeted purchase orders expected to be placed by YGM Marketing following Completion; (iv) estimated market demand for the Products in Hong Kong and Macau for the years ending 31 March 2027, 2028 and 2029, having regard to prevailing market conditions and the Group's sales projections; (v) the pricing basis for the Products to be purchased from

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Citimark under the DML Agreement; and (vi) the inclusion of an appropriate buffer to allow flexibility for potential fluctuations in demand, changes in product mix, variations in costs and other operational contingencies.

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 the Products from Citimark over the next three years. The Group anticipated that the Annual Caps for the period from the Completion Date to 31 March 2027 would be approximately HK\$8.90 million and each financial year thereafter would be approximately HK\$9.90 million, estimated with reference to the average unit purchase cost and the projected volume of Products to be purchased.

Historical purchase amounts

The historical purchase amounts of the Products by the Group from manufacturers during the four years ended 31 March 2026, which were extracted from the Company's unaudited management accounts, are summarised as follows:

	For the year ended 31 March			
	2023	2024	2025	2026
Average unit purchase cost (<i>approximate HK\$</i>)	205	220	214	202
Purchase volume (<i>approximate units</i>)	81,000	105,000	71,000	71,600
Purchase amount (<i>approximate HK\$'000</i>)	16,600	23,100	15,200	14,450

We observed fluctuations in the Group's purchase amounts of the Products over the past years, which increased 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 and further to approximately HK\$14.45 million for the year ended 31 March 2026.

The increase recorded in the year ended 31 March 2024 was mainly attributable to higher sales volumes, driven by the revival of economic activities in Hong Kong following the lifting of anti-epidemic measures and the resumption of normal travel in early 2023. In contrast, the subsequent decline in purchase amounts of the Products for the years ended 31 March 2025 and 2026 reflected a softening in demand for the Products, amid a broader slowdown in the consumer market and the Hong Kong economy.

Annual Cap for the period from the Completion Date to 31 March 2027

We have discussed with the management of the Company and noted that since the commencement of the Purchase Master Agreement in January 2026, apart from sourcing and purchasing the Products from independent suppliers, YGM Marketing has been purchasing the Products from Citimark under a cap limit of HK\$6.00 million for the period from 1 January 2026 to 31 March 2026, and also an annual cap of HK\$9.90 million for the year ending 31 March 2027. The aggregate purchase amount from Citimark by YGM Marketing for the period from 1 January 2026 to 30 April 2026 was approximately HK\$4.45 million. Given that the Purchase Master Agreement will be terminated upon Completion, all future purchases of the Products from Citimark will be carried out and governed by the terms and conditions of the DML Agreement. Before Completion, any purchase of the Products by YGM Marketing will continue to be made under the Purchase Master Agreement and subject to its annual cap utilisation.

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Completion is expected to take place by the end of June 2026. On this basis, the Group has budgeted that the purchase amount to be made by YGM Marketing from Citimark for the period from 1 April 2026 to the Completion Date shall not exceed HK\$1.00 million, which falls within the annual cap of HK\$9.90 million under the Purchase Master Agreement for the year ending 31 March 2027.

Following Completion, purchases of the Products will be conducted under the DML Agreement. For the purpose of calculating the annual cap for the year ending 31 March 2027, purchases made under the DML Agreement will be aggregated with those made under the Purchase Master Agreement. Accordingly, the Annual Cap for the period from the Completion Date to 31 March 2027 is proposed to be HK\$8.90 million, resulting in an aggregate annual cap of HK\$9.90 million under both agreements for the year ending 31 March 2027.

Annual Caps for the years ending 31 March 2028 and 2029

The breakdowns of the Annual Caps are summarised as follows:

	For the period from Completion Date to 31 March 2027	For the year ending 31 March 2028 2029	
Average unit purchase cost (<i>approximate HK\$</i>)	221	221	221
Purchase volume (<i>approximate units</i>)	40,200	44,500	44,500
Purchase amount (<i>approximate HK\$'000</i>)	8,900	9,900	9,900

Average unit purchase cost

Based on the average unit purchase cost for the three years ended 31 March 2026 of approximately HK\$212, the Group projects a 4.2% increase in the average unit purchase cost of the Products for the year ending 31 March 2027, with costs anticipated to remain stable over the subsequent two-year period.

According to the “2025 Economic Background and 2026 Prospects” released by the Government of Hong Kong in February 2026, Hong Kong’s real gross domestic product (“GDP”) grew by 3.5% in 2025, with accelerated year-on-year growth from 3.2% in the first half of 2025 to 3.7% and 3.8% in the third and fourth quarters of 2025, respectively. The report forecasted that the real GDP growth for 2026 would be 2.5% to 3.5%. For the first quarter of 2026, the GDP growth rate was 5.9%. Furthermore, data from the Census and Statistics Department indicates that the Composite Consumer Price Index reached 108.9 in 2025 and 110.4 in April 2026, reflecting year-on-year increases of 1.4% and 1.7%, respectively. The Producer Price Indices for textiles and wearing apparel manufacturing recorded year-on-year increases of approximately 2.1%, 2.7% and 2.3% for the second quarter, the third quarter and the last quarter of 2025, respectively. The overall year-on-year growth in Producer Price Indices for textiles and wearing apparel manufacturing for the whole year of 2025 was 1.7%.

Having considered the above economic indicators and inflation trends, we consider the adoption of a 4.2% growth rate on the average unit purchase price to be fair and reasonable.

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Purchase volume

We understand from the management of the Company that the Group has formulated its annual purchase volume budget for the Products from Citimark for the coming years by reference to historical purchasing patterns. The budget reflects an average historical purchase volume of approximately 83,000 units for the three years ended 31 March 2026, with an assumption that approximately 54% of the Products would be sourced from Citimark. As explained by the Company's management, this strategy is designed to safeguard the Group's sourcing flexibility and sustain long-term relationships with independent suppliers.

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 2025 and March 2026 were approximately HK\$36.55 billion and HK\$3.11 billion, respectively, representing changes of approximately -3.5% and 8.3%, 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 2025 recorded a year-on-year decrease of 2.3%, while a year-on-year increment of 9.8% was recorded for March 2026.

Having considered the fluctuations in the Group's purchase volume of the Products, the improvement in Hong Kong's wearing apparel retail market as of March 2026 and the reasons for the adoption of a rate of 54% to be sourced from Citimark, we consider the annual purchase volume of the Products budgeted by the Directors for the Annual Caps to be commercially justifiable.

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.

B.4 Internal control measures

To ensure the pricing and terms of the Contemplated CCTs are fair and reasonable and no less favourable 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 Contemplated CCTs:

- (i) the senior management of the Company shall be responsible for monitoring whether the terms of the DML Agreement are fair and reasonable and no less favourable to the Group than those offered by Independent Third Parties, and that the Annual Caps are not exceeded, and in accordance with the DML Agreement and the pricing policies of the Company;
- (ii) the Company will supervise all Contemplated CCTs 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 Citimark in respect of the purchase amounts and overseeing corresponding payments;
- (iii) the auditors of the Company will perform an annual review of the Contemplated CCTs in accordance with Rule 14A.56 of the Listing Rules; and

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- (iv) the independent non-executive Directors will periodically review the Contemplated CCTs to ensure 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 accordance with the terms of the DML Agreement; and (d) in accordance 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 Contemplated CCTs. 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 Contemplated CCTs and ensure their terms are no less favourable to the Group than those offered by the Independent Third Parties. With the proper implementation of the abovementioned internal control measures, we believe that the Contemplated CCTs will be conducted on normal commercial terms that are fair and reasonable 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 Contemplated CCTs (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 favour of the resolutions to be proposed at the upcoming EGM to approve the SPA and the DML Agreement (together with the Contemplated CCTs and 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 31 January 2026 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

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11 June 2026

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 31 January 2026.

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 a wholly-owned subsidiary of the Company. YGM Retail is the registered owner of all of the Ashworth-related intellectual property rights (referred to as the “**Ashworth IP**”).

The Ashworth IP 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 IP.

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

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

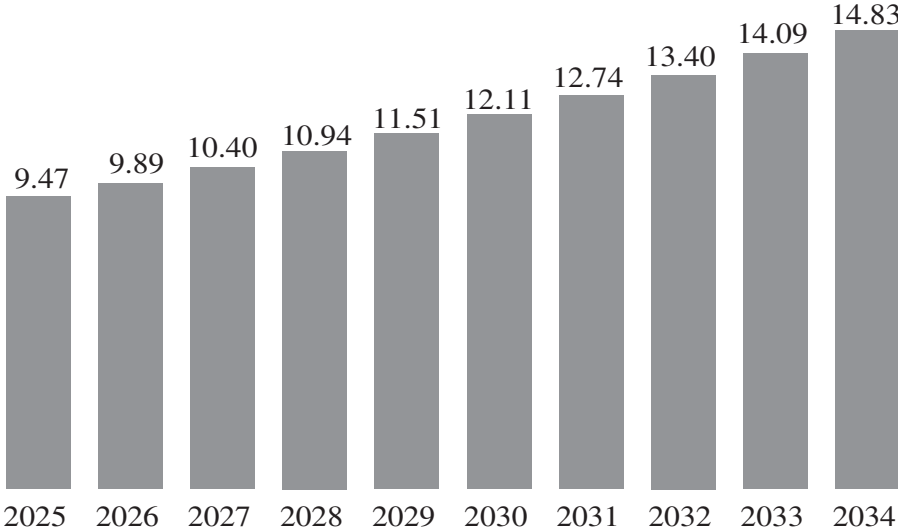
The above licensing agreements can be renewed beyond the initial term given the licensees achieving the minimum net sales requirement and meeting the minimum royalty amounts in specific years, as stipulated in their respective licensing agreements.

6. INDUSTRY OVERVIEW

Global Golf Apparel Market

According to Fortune Business Insights, the global golf apparel market size was valued at US\$9.47 billion in 2025. The market is projected to grow from US\$9.89 billion in 2026 to US\$14.83 billion by 2034, exhibiting a CAGR of 5.19% over the forecast period. North America dominated the golf apparel market with a market share of 60% in 2025.

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, US-based golf equipment & accessories company, completed its merger with Topgolf International, Inc., a US-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 UK-based golf brand, launched its new sustainable women's golf clothing range. Which 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 US, Scotland, Ireland, Spain and others offering unique golfing experiences fuel the market growth. Moreover, the growing trend of corporate golf tourism, where businesses organise 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, 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

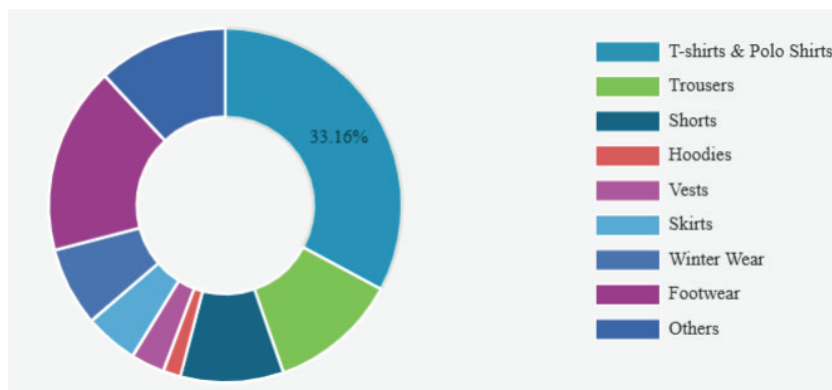
Based on type, the global market is segmented into T-shirts & polo shirts, trousers, shorts, hoodies, vests, skirts, winter wear, footwear and others.

The T-shirts & polo shirts segment dominated the global market share of 33.16% in 2026 with a share of 33% owing to the wide availability of product type coupled with the increasing popularity of T-shirts with moisture-wicking, UV protection and breathability properties.

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-shirt 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, 2026



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 with a value of US\$5.26 billion in 2025 and US\$5.5 billion in 2026, 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 US market is foreseen to grow with a value of US\$4.89 billion in 2026.

Europe is the second largest market expected to hit US\$5.26 billion in 2025, registering a CAGR of 4.54% during the forecast period (2026-2034). 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. The UK market continues to grow and is projected to reach a market value of US\$0.53 billion. 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. Germany is predicted to hold US\$0.31 billion in 2026, while France is expected to gain US\$240.23 million in the same year.

Asia Pacific is the third largest market expected to be worth US\$1.42 billion in 2025. 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 the PRC, Japan, India, South Korea and Malaysia. The PRC is set to grow with a value of US\$0.29 billion in 2026. 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. India is foreseen to reach US\$0.13 billion in 2026, while Japan is estimated to be worth US\$0.36 billion in the same year.

The Middle East & Africa is the fourth leading region poised to be valued at US\$360.56 million in 2025. 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. The UAE market is expected to stand at US\$29.16 million in 2025.

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 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 management of the Company that no material facts have been omitted from the information provided to us.

Apart from the information provided by the 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 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 management of the Company;
- Examined the basis and assumptions of the financial and operational information in respect of YGM Retail provided by the 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 organisation 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 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 management of YGM Retail will implement only those prospective financial and operational strategies that will maximise the efficiency of the operation of YGM Retail;
- The 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 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 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 amortisation 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 relies heavily on the management's future net cash flow forecasts, which are highly dependent on the future royalty incomes from licensees. There is uncertainty in the future sales performance of licensees operating in different geographic regions and renewal arrangement of their licensing agreements in the future. The three licensing agreements will expire between 2029 and 2032. Based on the historical sales/purchases performance of the licensees, and with the exception of the performance of the UK Licensee for the year ended 31 March 2024, all licensees' performances were below the required thresholds to meet the minimum royalty amounts stipulated in the licensing agreements. This raises uncertainty as to whether these agreements would be renewed upon expiry.

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 whether licensing revenue apart from that generated under the existing licensing agreements would be realised.

In addition, there is uncertainty regarding the sustainability of YGM Retail's profitability. Although YGM Retail recorded an improvement in profit for the 10 months ended 31 January 2026, such improvement was mainly attributable to a reduction in marketing and advertising expenses. Given that YGM Retail's major source of income is royalty income derived from trademark licensing, such expenses are incurred for the maintenance and promotion of the brand and are therefore recurring in nature. The financial performance for the 10 months ended 31 January 2026 was therefore not considered an appropriate basis for projecting future cash flows of YGM Retail.

In light of the above uncertainties, as a reasonable cash flow forecast could not be made, and therefore the income approach was considered 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 IP was the major asset and value of the Ashworth IP and other assets and liabilities could represent the value of YGM Retail. Under the asset-based approach, the market value of each individual asset and liability was added together to derive the market value of YGM Retail.

Valuation of the Ashworth IP

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

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

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

Valuations of other assets and liabilities

As at the date of valuation, other assets on the balance sheet were current assets that represented account receivable, 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 31 January 2026	Book Value	Market Value
	<i>(HK\$)</i>	<i>(HK\$)</i>
Ashworth IP	31,392,000	31,392,000
Total non-current asset	31,392,000	31,392,000
Account Receivable	975,000	975,000
Prepayment	172,500	172,500
Cash & cash equivalents	757,810	757,810
Total current assets	1,905,310	1,905,310
Total Assets	33,297,310	33,297,310
Provision and accrued charges	307,600	307,600
Receipts in advance	1,031,555	1,031,555
Amount due to the Group	31,825,421	31,825,421
Total current liabilities	33,164,576	33,164,576
Total Liabilities	33,164,576	33,164,576
Net Assets	132,734	132,734

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 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 31 January 2026 was **HK\$133,000 (HONG KONG DOLLARS ONE HUNDRED AND THIRTY THREE THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng

*BSc(Bldg), MUD, MBA(Finance), MSc.(Eng), PhD(Econ), FCPA,
FSOE, FIPlantE, CEnv, FIPA, FAIA, FRSM, CPA UK, SIFM, FCMA,
FRSS, MCI Arb, 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 Practicable 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 Shares in the Company			
	Personal interests (i)	Family interests	Corporate interests	Other interests
Chan Wing Sun, Samuel	8,344,751	250,000	8,093,775	(ii)
Chan Suk Ling, Shirley	8,810,397	328,000	–	(ii)
Fu Sing Yam, William	2,078,946	–	–	(ii)
Chan Wing Fui, Peter	24,345	1,101,000	12,067,898	(ii)
Chan Wing Kee	10,536,665	1,012,035	–	(ii)

- (i) The Shares are registered under the names of the Directors and chief executives who are the beneficial owners.
- (ii) 42,298,332 Shares (representing approximately 25.50% 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.

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 or arrangement 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 advice 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 Friday, 26 June 2026 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 March 2026 (the “**SPA**”) entered into among YGM Limited and Yampa Investments Limited (collectively, the “**Vendors**”), the Company and Chanson (HK) 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, YGM Marketing and Citimark Trading Limited (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 confirmed and approved;
- (b) the proposed annual cap amounts for the transactions under the DML Agreement for the three years ending 31 March 2029 as set out in the circular of the Company dated 11 June 2026 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.”

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

Hong Kong, 11 June 2026

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 Tuesday, 23 June 2026 to Friday, 26 June 2026 (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 Monday, 22 June 2026.
- (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.