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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 YangtzeKiang Garment Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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**長江製衣有限公司**  
**YANGTZEKIANG GARMENT LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 00294)

**MAJOR TRANSACTION**

**DISPOSAL OF PROPERTIES**

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## DEFINITIONS

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

“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan
“Company”	Yangtzekiang Garment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Properties by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the preliminary sale and purchase agreement dated 9th September, 2009 entered into by the Purchaser with the Vendor, in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25th September, 2009, 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 Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Properties”	Avenida do Coronel Mesquita Nos. 52, 54, 56 e 58, Units A R/C, A1-A8, Macau
“Purchaser”	Jung Iek Properties Management Limited
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fábrica de Artigos de Vestuário Tac Cheong, Limitada (Chinese transliteration being “德祥製衣廠有限公司”)

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## LETTER FROM THE BOARD

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# 長江製衣有限公司 YANGTZEKIANG GARMENT LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00294)

*Executive Directors:*

Chan Sui Kau  
Chan Wing Fui Peter  
Chan Wing Kee  
Chan Wing To  
Chan Suk Man  
Chan Wing Sun Samuel  
Chan Suk Ling Shirley  
So Ying Woon Alan

*Registered Office:*

22 Tai Yau Street  
San Po Kong  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Leung Hok Lim  
Wong Lam  
Lin Keping

30th September, 2009

*To all the Shareholders*

Dear Sir/Madam,

## MAJOR TRANSACTION

## DISPOSAL OF PROPERTIES

### INTRODUCTION

Reference is made to the announcement of the Company dated 9th September, 2009 in which the board of Directors announced the Disposal, which constitutes a major transaction of the Company for the purpose of the Listing Rules, in accordance with the requirements of the Listing Rules.

The purpose of this circular is to provide you with further information of the Disposal in compliance with the requirements of the Listing Rules.

### THE DISPOSAL

On 9th September, 2009, the Vendor (which is a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Properties at an aggregate consideration of HK\$120,000,000.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and the Purchaser is a limited liability company incorporated in Macau and principally engaged in the development, sale and purchase, and management of properties.

The aggregate consideration for the Disposal was determined by the parties after arm's length negotiations with reference to recent transaction prices of properties with similar conditions located in the vicinity of the Properties as provided by the property agents.

A sum of HK\$36,000,000 was paid to the Vendor as initial deposit upon the signing of the Disposal Agreement. The balance of the aggregate consideration of HK\$84,000,000 will be paid by the Purchaser when the Vendor and the Purchaser enter into the sale and purchase deed (upon which completion of the Disposal shall occur) by no later than 15th January, 2010; or at any later time as the notary appointed under the Disposal Agreement deems suitable, or at such other time as agreed by the parties.

### **REASONS FOR THE DISPOSAL AND USE OF PROCEEDS**

The Group is principally engaged in the manufacturing and sale of garment products and textiles, the provision of processing services and the rental of properties.

The Directors consider that the rising property market in Macau presents a good opportunity for the Group to yield a reasonable return from the realisation of the Properties. In deciding (i) the timing of the Disposal and (ii) whether the consideration for the Disposal represents a fair value of the Properties, the Directors have taken into account fully, among other matters, the rising property market in Macau.

The Directors are of the view that the Disposal is on normal or better commercial terms to the Group and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The total net proceeds from the Disposal, after the deduction of related fees and expenses payable by the Vendor, will amount to approximately HK\$119,500,000. The Company intends to use such net proceeds as the general working capital of the Group.

### **LISTING RULES REQUIREMENT**

The Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and will be subject to the approval by the Shareholders which may be given by a majority vote at a general meeting of the Shareholders or a written Shareholders' approval in lieu of holding a general meeting on the conditions that (i) no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the transaction; and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction.

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## LETTER FROM THE BOARD

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Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting was to be convened for the approval of the Disposal, the Company has obtained the written approval for the Disposal from the Shareholders who hold more than 50% in nominal value of the issued share capital of the Company in lieu of holding a general meeting for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules.

The following persons or entities, being the Shareholders not interested in the Disposal and who are beneficially interested in an aggregate of 116,035,256 shares in the capital of the Company which represent approximately 55.16% in nominal value of the issued share capital of the Company, and who shall comprise a closely allied group of Shareholders for the purposes of Rule 14.44 of the Listing Rules, gave their written approval of the Disposal on 8th September, 2009 and in compliance with Rule 14.60(5) of the Listing Rules, the details of these Shareholders are as follows:

Name of beneficial Shareholder	Relationship among the Shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Chan Sui Kau (“SK Chan”)	–	6,324,696	3.01%
Chan Wing Fui Peter (“Peter Chan”)	Son of SK Chan and the brother of Samuel Chan and Shirley Chan	486,102	0.23%
Chan Wing Sun Samuel (“Samuel Chan”)	Son of SK Chan and the brother of Peter Chan and Shirley Chan	11,244	0.01%
Chan Suk Ling Shirley (“Shirley Chan”)	Daughter of SK Chan and the sister of Peter Chan and Samuel Chan	1,728,816	0.82%
Chan Wing Kee (“WK Chan”)	Nephew of SK Chan and the brother of WT Chan, SM Chan and David Chan	1,761,624	0.84%
Chan Wing To (“WT Chan”)	Nephew of SK Chan and the brother of WK Chan, SM Chan and David Chan	2,934,054	1.39%
Chan Lam Moon Chun	Spouse of SK Chan	3,999,354	1.90%
Chan Fung Kit Ching	Spouse of WK Chan	208,356	0.10%

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## LETTER FROM THE BOARD

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Name of beneficial Shareholder	Relationship among the Shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Chan Wing Chak David (“David Chan”)	Nephew of SK Chan, the brother of WK Chan, WT Chan and SM Chan	20,000	0.01%
Chan Suk Man (“SM Chan”)	Niece of SK Chan, the sister of WK Chan, WT Chan and David Chan	1,535,442	0.73%
Chan Family Investment Corporation Limited (“CFICL”)	Company owned by SK Chan, Peter Chan, WK Chan, WT Chan, Samuel Chan, Shirley Chan, SM Chan and other members of the Chan family	37,750,734	17.94%
Hearty Development Limited	Company indirectly owned by Peter Chan, WK Chan, WT Chan, Samuel Chan, Shirley Chan, SM Chan and other members of the Chan family	1,574,480	0.75%
Super Team International Limited	Company indirectly owned by WK Chan, WT Chan, SM Chan and other members of the Chan family	2,383,500	1.13%
YangtzeKiang Investment Co. (Panama) Ltd. Inc.	Company wholly-owned by SK Chan	5,611,230	2.67%
Trans-Business Inc.	Company wholly-owned by spouse of Peter Chan	1,505,130	0.72%
Runneymede Consultants Ltd.	Company established for the benefit of family members of Samuel Chan	2,343,080	1.11%
Priority Holdings Limited	Company established for the benefit of family members of Samuel Chan	700,000	0.33%

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## LETTER FROM THE BOARD

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Name of beneficial Shareholder	Relationship among the Shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Davidson Trust	Trust set up by David Chan	2,280,000	1.08%
Joycome Limited	Company indirectly owned by Peter Chan, WK Chan, WT Chan, Samuel Chan, Shirley Chan, SM Chan and other members of the Chan family	34,595,908	16.45%
Tai Wah Investment Co. Ltd.	Subsidiary of CFICL	8,091,360	3.85%
YangtzeKiang Investment Co. Ltd.	Subsidiary of CFICL	190,146	0.09%
	<b>Aggregate:</b>	<b>116,035,256</b>	<b>55.16%</b>

### FINANCIAL INFORMATION OF THE GROUP

#### Indebtedness

At the close of business on 31st August, 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$62 million which are secured by bills receivable of the Group. Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases, hire purchase commitments, liabilities under acceptances or acceptance creditors or any guarantees or other material contingent liabilities outstanding at the close of business on 31st August, 2009. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 31st August, 2009. The Directors are not aware of any material adverse changes in the Group's indebtedness position or contingent liabilities since 31st August, 2009.

#### Working capital

The Directors are of the opinion that, taking into account the internal resources available to the Group and the net proceeds from the Disposal, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements.



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## LETTER FROM THE BOARD

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### Financial and trading prospects of the Group

As disclosed in the annual report of the Company for the year 2008/2009, the Group operates textiles and garment business under the names of Yangtzekiang Garment Ltd. and Hong Kong Knitters Ltd. The Group's products include men's and women's shirts, trousers, shorts, polo shirts, t-shirts, jackets and knitted outerwear. The headquarters of the Group in Hong Kong play the integrated role in garment trading, sourcing and the overall control of its own production facilities in the PRC as well as our partnership garment factories in the PRC, Bangladesh, India, Cambodia, Myanmar and Vietnam. The Group also has sales offices in China at Panyu, Guangzhou, Fujian and Shanghai which oversee domestic sales in the regions.

The Group's wholly owned production facilities in China are all located in Panyu Guangzhou. They are Exquisite Knitters (Guangzhou) Ltd. ("**EQK**"); Whampoa Garment Mfg. (Guangzhou) Co., Ltd. ("**WGM**") and Guangzhou Top Yield Garment Ltd. The Group's vertical operational setup ranges from knitting, dyeing and finishing of fabrics to the manufacturing and wholesaling of garments. Both EQK and WGM are compliant factories manufacturing mainly high end garments. The business slowdown has given the manufacturing operation some hard times, and prompted the management to start reorganising and consolidating all manpower and resources of the manufacturing facilities in Panyu. Through stringent control on expenses, introduction of lean management and other reform measures, the Directors are certain that the manufacturing business of the Group can endure this hard time and be ready when the economy recovers.

The Group's small shirt factory - Lavender Garment Ltd. in Bangladesh recorded a slight profit despite the weak economy. This factory's main role is to oversee all the production at its partnership factories in Bangladesh and at the same time to provide contingent support to these factories as well as its customers.

Wuxi Talak Investment Co., Ltd. in which the Group has a 49% shareholding is a jointly controlled entity that owns several textiles related companies in Wuxi, China namely: Wuxi Changxin Textile Co., Ltd., Wuxi YGM Textile Co., Ltd. and Wuxi Yangtzekiang Textile Co., Ltd. (collectively the "**Wuxi Talak Group**"). The core business of the Wuxi Talak Group is the production of medium range to high end yarns. With no exception, the weak market condition also affected the Wuxi Talak Group's profits which had reduced drastically as compared with last year. As 2008/09 was the final year for reporting the profit derived from the compensation received from the relocation of one of the Group's factories, and since the Company foresees the coming year will be just as difficult, they expect the results for the Wuxi Talak Group to drop drastically.

The Properties are investment properties held by the Group. The Disposal has no impact on the Group's usual and ordinary business activities and the Directors' view on the prospects for these activities in the current financial year remains unchanged.

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## LETTER FROM THE BOARD

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As at 31st March, 2009, being the date to which the Group's latest published audited consolidated financial statements were made up, the cash and bank balances of the Group were approximately HK\$116,153,000 (31st March, 2008: HK\$96,838,000). As at 31st March, 2009, the Group has short term borrowings of approximately HK\$84,420,000 (31st March, 2008: HK\$78,434,000) and there was no long term borrowing (31st March, 2008: Nil). The gearing ratio (calculated by dividing total bank borrowings by total equity) of the Group as at 31st March, 2009 was 0.10 (31st March, 2008: 0.09). As at 31st March, 2009, the Group was in compliance with the financial covenants of its banking facilities. The Directors expect that the Group will continue to maintain a good financial position to support its business operations.

### INFORMATION ON THE PROPERTIES AND FINANCIAL EFFECTS OF THE DISPOSAL

Certain parts of the Properties are currently leased for rental income with the majority portion of the Properties being vacant. The net profits before and after tax and minority interests attributable to the Properties for the year ended 31st March, 2008 were approximately HK\$3,261,000 and approximately HK\$2,305,000, respectively. The net profits before and after tax and minority interests attributable to the Properties for the year ended 31st March, 2009 were approximately HK\$2,424,000 and approximately HK\$1,827,000, respectively. The net asset value of the Properties as at 31st March, 2009 was HK\$37,855,000. The Company will realise a net disposal gain before tax and minority interests of approximately HK\$82,145,000 as a result of the Disposal, subject to final audit.

The market value of the Properties as at 21st September, 2009 as set out in the valuation report in Appendix I to this circular was HK\$55,000,000, which differs significantly from the consideration for the Disposal of HK\$120,000,000. This is because the market value of the Properties as set out in the valuation report in Appendix I to this circular was determined based on the existing industrial use of the Properties and exclusive of any consideration on the re-development potential of the Properties, while the parties of the Disposal Agreement had agreed the consideration for the Disposal after arm's length negotiations taking into account of the "hope value arising from the likelihood of permission of re-development of the Properties to any non-industrial use" and with reference to recent transaction prices of properties with similar conditions located in the vicinity of the Properties as provided by the property agents. So far as the Directors are aware, no redevelopment proposal of the Properties has been submitted to the government of Macau and no planning or construction approvals of redevelopment of the Properties had been obtained as at the Latest Practicable Date.

The financial effects of the Disposal on the Group are expected to be (i) a decrease in the non-current assets of the Group of approximately HK\$37,855,000; (ii) an increase in the current assets of the Group of approximately HK\$105,000,000. Further, it is expected that the Disposal will not cause any change in current liabilities of the Group.

### GENERAL

Your attention is drawn to the further information contained in the appendices to this circular.

Yours faithfully,  
By order of the board of Directors  
**Chan Wing Fui Peter**  
*Vice Chairman*

*The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation as at 21st September, 2009 of the property interests held and to be disposed of by YangtzeKiang Garment Limited and its subsidiaries*



永利行評估顧問有限公司  
RHL Appraisal Limited  
Corporate Valuation & Advisory

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Room 1010, 10/F, Star House,  
Tsimshatsui, Hong Kong

30th September, 2009

The Board of Directors  
**YangtzeKiang Garment Limited**  
No.22 Tai Yau Street  
San Po Kong  
Kowloon

Dear Sirs,

## **INSTRUCTIONS**

In accordance with your instructions for us to value the property (referred to as the “Property”) held and to be disposed of by YangtzeKiang Garment Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as “the Group”) in Macau, we confirm that we have carried out property inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 21st September, 2009 (referred to as the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumption, valuation considerations, title investigation and limiting conditions of this valuation.

## **BASIS OF VALUATION**

Our valuation of the Property represents its market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation 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”.

**METHODOLOGY OF VALUATION**

In our valuation, direct comparison method is adopted where comparison based on prices realized on actual and/or asking sales of comparable property is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

**VALUATION CONSIDERATIONS**

In valuing the Property, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

**VALUATION ASSUMPTIONS**

Our valuation have been made on the assumption that the owner sells the Property in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the Property.

We have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of their respective Government Lease. We have also assumed that the owner of the Property has the right to sell, mortgage, charge or otherwise dispose of the Property to any person at a consideration without payment of any additional premium or substantial fee to government authorities. We have valued the Property on an open market basis assuming sale with vacant possession.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Other special assumptions of the Property, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

**TITLE INVESTIGATION**

We have been shown copies of various title documents and official plans relating to the Property and have made relevant enquiries. We have also caused searches to be made at 1<sup>o</sup>Cartório Notarial (第一公證署) in Macau. However, we have not verified the validity of the documents, ownership of the Property and the existence of any encumbrances that might be attached to the Property or any lease amendments that would affect ownership of the Property.

All legal issues mentioned herein are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the Property set out in this report.

**LIMITING CONDITIONS**

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the tenure, planning approvals, statutory notices, easements, particulars of occupancy, site area, floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation certificate is limited to the clients to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and / or distribute to third parties may be made without written consent.

**EXCHANGE RATE**

All monetary sums stated in this report are in Hong Kong Dollars (“HK\$”).

**We herewith attached a valuation certificate.**

Yours faithfully,  
For and on behalf of  
**RHL Appraisal Ltd.**

**Serena S. W. Lau**  
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)  
*Managing Director*

**Ian K. F. Ng**  
MBA BSc(EstMan) BSc MHKIS MRICS RPS(GP)  
*Senior Associate Director*

*Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a chartered surveyor of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.*

*Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 6 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors as well as a chartered surveyor of The Royal Institution of Chartered Surveyors.*

## VALUATION CERTIFICATE

## Property held and to be disposed of by the Group in Macau

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 21st September 2009 HK\$
Em Macau, Avenida Do Coronel Mesquita N°S 52-56, EDF. Fábrica De Artigos De Vestuário	The property comprises a 9-storey industrial building completed in about 1976.	As advised by the Company, a portion of the ground floor with a leased area of approximately 128 square metres was subject to a tenancy for storage purpose while the remaining portions of the property were vacant as at the Valuation Date.	55,000,000  (HONG KONG DOLLARS FIFTY FIVE MILLION ONLY)
Tac Cheong LDA AR/C and A1-A8	The ground floor is used as warehouse whilst the upper floors are used for workshops.		
澳門美副將大馬路 52-56號 德祥製衣廠大廈 AR/C及A1-A8	The total gross floor area of the property is approximately 12,440 square metres including a cockloft.  The property is held under Concessão Por Aforamento (政府長期租借批地). We have assumed that the lease term of the property is expiring on 19th December 2049 in accordance with the Macau's Law.		

## Notes:

- The registered owner of the property is Fábrica de Artigos de Vestuário Tac Cheong, LDA (德祥製衣廠有限公司).
- Pursuant to a tenancy agreement dated 23rd January 2007 and a supplementary agreement dated 2nd April 2008 both entered into between Fábrica de Artigos de Vestuário Tac Cheong, LDA (德祥製衣廠有限公司) and 力信蒸餾水廠(澳門)有限公司, a portion of the ground floor with a leased area of approximately 128 square metres was leased by 力信蒸餾水廠(澳門)有限公司 for a term expiring on 31st December 2009 in a monthly rent of HK\$9,000 for storage purpose inclusive of lighting expense and property tax.
- We found that the existing cockloft on ground floor was extended and structures were built on roof. In our valuation, we have not taken into account the extended cockloft, the structures and cost to be incurred to demolish them if they are unauthorized.
- As advised by the Company, no redevelopment proposal of the property has been submitted to the Government. Neither planning nor construction approvals of redevelopment of the property have been obtained. Our valuation of the property reflects only the existing industrial use of the property and has not taken into account hope value arising from the likelihood of permission of redevelopment of the property to any non-industrial uses.
- There is no mortgage and encumbrance registered against the property.
- Fábrica de Artigos de Vestuário Tac Cheong, LDA (德祥製衣廠有限公司) is a wholly-owned subsidiary of the Company.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) of the Directors and the chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they 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 recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### Interests in Shares

Name of Director	Shares of HK\$0.50 each			
	Personal interests	Family interests	Corporate interests	Other interests
Chan Sui Kau	6,324,696	3,999,354	5,611,230	(i)
Chan Wing Fui Peter	486,102	1,539,130	–	(i) & (ii) & (iii)
Chan Wing Kee	1,761,624	208,356	–	(i) & (ii) & (iii) & (iv)
Chan Wing To	2,934,054	–	–	(i) & (ii) & (iii) & (iv)
Chan Wing Sun Samuel	11,244	–	3,043,080	(i) & (ii) & (iii)
Chan Suk Ling Shirley	1,728,816	24,000	–	(i) & (ii) & (iii)
Chan Suk Man	1,535,442	–	–	(i) & (ii) & (iii) & (iv)
So Ying Woon Alan	12,000	–	–	–

Name of Director	Shares of HK\$0.50 each			
	Personal interests	Family interests	Corporate interests	Other interests
Leung Hok Lim	–	–	–	–
Wong Lam	–	–	–	–
Lin Keping	–	–	–	–

*Notes:*

- (i) 46,032,240 shares of the Company were held by Chan Family Investment Corporation Ltd. (which is owned by Messrs Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To and Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley and Madam Chan Suk Man and other members of the Chan family) and its subsidiaries.
- (ii) 34,595,908 shares of the Company were held by Joycome Limited, which is indirectly owned by Messrs. Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To and Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Madam Chan Suk Man and other members of the Chan family.
- (iii) 1,574,480 shares of the Company were held by Hearty Development Limited which is indirectly owned by Messrs. Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To, Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Madam Chan Suk Man and other members of the Chan family.
- (iv) 2,383,500 shares of the Company were held by Super Team International Limited which is indirectly owned by Messrs. Chan Wing Kee, Chan Wing To, Madam Chan Suk Man and other members of the Chan family.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they 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 recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



### 3. SUBSTANTIAL SHAREHOLDING

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% 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 and had options in respect of such capital:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate percentage of shareholding
Chan Family Investment Corporation Ltd.	The Company	Beneficial owner ( <i>Note i</i> )	37,750,734 (L)	17.94%
	The Company	Interest of controlled corporation ( <i>Note ii</i> )	8,091,360 (L)	3.85%
	The Company	Interest of controlled corporation ( <i>Note iii</i> )	190,146 (L)	0.09%
Sevenoaks Associates, Inc.	The Company	Interest of controlled corporation ( <i>Note iv</i> )	34,595,908 (L)	16.45%
	The Company	Interest of controlled corporation ( <i>Note v</i> )	1,574,480 (L)	0.75%

(L) denotes the long position held in such shares

Notes:

- (i) These shares were held by Chan Family Investment Corporation Ltd., which is owned by Messrs Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To and Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley and Madam Chan Suk Man and other members of the Chan family) and its subsidiaries.
- (ii) These shares were held by Tai Wah Investment Company Limited, which is wholly and beneficially owned by Chan Family Investment Corporation Ltd., which in turn was deemed to be interested in all those shares Tai Wah Investment Company Limited was interested.
- (iii) These shares were held by YangtzeKiang Investment Co. Ltd., which is wholly and beneficially owned by Chan Family Investment Corporation Ltd., which in turn was deemed to be interested in all those shares YangtzeKiang Investment Co. Ltd. was interested.
- (iv) These shares were held by Joycome Limited, which is wholly and beneficially owned by Sevenoaks Associates, Inc., which in turn was deemed to be interested in all those shares Joycome Limited was interested.
- (v) These shares were held by Hearty Development Limited, which is wholly and beneficially owned by Sevenoaks Associates, Inc., which in turn was deemed to be interested in all those shares Hearty Development Limited was interested.

**4. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any other member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

**6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESS**

To the best knowledge of the Directors and as at the Latest Practicable Date:

- (a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31st March, 2009 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (c) none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business, which competes or may compete, either directly or indirectly, with the business of the Group.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given their opinions and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
RHL Appraisal Limited	Property valuer

- (a) As at the Latest Practicable Date, RHL Appraisal Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (b) RHL Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.
- (c) RHL Appraisal Limited has no direct or indirect interest in any assets which have been, since 31st March, 2009 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## **8. MATERIAL CONTRACTS**

Within the two years immediately preceding the issue of this circular, none of the members of the Group entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material, other than the Disposal Agreement.

## **9. GENERAL**

- (a) The company secretary of the Company is Ms. Hui Sau Ling, *FCCA* and *CPA*. Ms. Hui is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong from the date of this circular up to and including 15th October, 2009.

- (a) the memorandum and articles of association of the Company;
- (b) the audited consolidated financial statements of the Company and its subsidiaries for each of the two years ended 31st March, 2009;
- (c) the valuation report on the Properties from RHL Appraisal Limited as set out in Appendix I to this circular;
- (d) the written consent of RHL Appraisal Limited;
- (e) the Disposal Agreement; and
- (f) this circular.