

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*

## **YANGTZEKIANG GARMENT MANUFACTURING COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

*Directors:*

Chan Sui Kau, GBS, OBE, JP (*Chairman*)  
Chan Wing Fui, Peter, MA (*Vice Chairman*)  
Chan Wing Kee, GBS, OBE, JP (*Managing Director*)  
Chan Wing To, PhD (*Deputy Managing Director*)  
Chan Suk Man, MSc.  
Chan Wing Sun, Samuel, FCA  
Yeung Wing Tak\*  
Chan Wing Chak, David  
Chan Suk Ling, Shirley  
Leung Hok Lim, FCPA, CPA (Macau), FHKSA, CPA\*\*  
Wong Lam, OBE, JP\*\*

*Registered Office:*

22 Tai Yau Street  
San Po Kong  
Kowloon  
Hong Kong

\* *Non-executive Directors*

\*\* *Independent Non-executive Directors*

30th July, 2003

*To the Shareholders*

Dear Sir or Madam,

### **GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE SHARES**

#### **Introduction**

The grant of a general mandate to the directors (the “Directors”) of YangtzeKiang Garment Manufacturing Company Limited (the “Company”) to issue new shares of the Company (the “Shares”) up to a maximum of 20 per cent. and to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) up to 10 per cent. of the issued and fully paid-up share capital of the Company as at the date of passing such resolutions is being sought from shareholders of the Company. The Explanatory Statement required under Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be sent to shareholders of the Company in connection with the proposed share repurchase resolution and the memorandum of the terms of the proposed repurchases required under section 49BA(3)(b) of the Companies Ordinance are set out in the Appendix to this circular.

## **Resolutions**

An ordinary resolution to grant the share repurchase general mandate will be proposed at the Annual General Meeting of the Company to be held on Friday, 22nd August, 2003.

Ordinary resolutions will also be proposed (i) to grant the Directors a general mandate to issue and otherwise deal with Shares up to a limit equal to 20 per cent. of the issued Shares at the date of passing such resolution plus the amount of any Shares repurchased by the Company (up to a maximum of 10 per cent. of the issued Shares at the date of passing such resolution) if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company and (ii) to approve the addition of such repurchased Shares to the 20 per cent. general mandate (as required by the Listing Rules).

## **General**

As at 25th July, 2003, being the latest practicable date before the printing of this circular for ascertaining information in this circular (the "Latest Practicable Date"), the issued share capital of the Company comprised 140,245,792 Shares.

Subject to the passing of the relevant ordinary resolutions and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the issued share capital of the Company will comprise 140,245,792 Shares and the Company will be allowed under the General Mandate to issue a maximum of 28,049,158 Shares during the course of the period prior to the next annual general meeting of the Company.

The Directors do not at present have any intention to exercise the power to repurchase or issue Shares under the approvals being sought.

The Directors consider that the grant of a general mandate to repurchase Shares would be in the best interests of the Company and its shareholders and accordingly recommend all shareholders to vote in favour of the above-mentioned ordinary resolutions.

## **Notice of Annual General Meeting**

Notice of the Annual General Meeting to be held on Friday, 22nd August, 2003 is set out on page 3 of the Annual Report and Accounts of the Company for the year ended 31st March, 2003 which is being sent with this circular. A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting.

By Order of the Board  
**Yangtzekiang Garment Manufacturing Co., Ltd.**  
**Chan Sui Kau**  
*Chairman*

## APPENDIX

The following is the Explanatory Statement required to be sent to shareholders of the Company under the Listing Rules in connection with the proposed general mandate for repurchase of Shares and also constitutes the memorandum required under Section 49BA(3)(b) of the Companies Ordinance:–

- (i) It is proposed that up to 10 per cent. of the Shares in issue at the date of the passing of the resolution to approve the general mandate may be repurchased. As at 25th July, 2003, the latest practicable date for determining such figure, the number of Shares in issue was 140,245,792 Shares. On the basis of such figure (and assuming no further Shares are issued or repurchased after 25th July, 2003 and up to the date of passing such resolution) the Directors would be authorised to repurchase Shares up to a limit of 14,024,579.
- (ii) The Directors believe that it may be to the benefit of the Company and its shareholders to repurchase its Shares in certain circumstances. For example, depending on market conditions and funding arrangements at the time, such repurchases may enhance the net assets and/or earnings per Share. Therefore, the Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate.
- (iii) It is envisaged that the funds required for any repurchase would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company. In any event, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the laws of Hong Kong.
- (iv) It is not envisaged that any repurchase of Shares pursuant to the general mandate (including repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) would have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its published audited accounts for the year ended 31st March, 2003).
- (v) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in Listing Rules) of Directors who have a present intention, in the event that the general mandate is granted by shareholders of the Company, to sell Shares to the Company.
- (vi) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the Share repurchase general mandate in accordance with the Listing Rules and laws of Hong Kong.
- (vii) As at the Latest Practicable Date and according to the records kept by the Company, Messrs. Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing To, Chan Wing Sun, Samuel, Chan Wing Chak, David and Madam Chan Suk Ling, Shirley and Chan Suk Man (collectively the “Chan Directors”) are together interested in approximately 54% of the issued Shares. Assuming that the shareholding interests of the Chan Directors remain unchanged, upon full exercise of the mandate to repurchase Shares by the Directors, the Chan Directors will be interested in approximately 60% of the issued Shares. The Directors are not aware of any consequences which would arise under the Hong Kong Code on

Takeovers and Mergers as a consequence of any repurchases of Shares by the Company pursuant to the general mandate.

- (viii) The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.
- (ix) No connected persons of the Company (as defined in the Listing Rules) have notified it of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Share repurchase general mandate is granted by shareholders of the Company.
- (x) The highest and lowest prices at which Shares have traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date are as follows:

	<b>Per Share</b>	
	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
July 2002	1.48	1.21
August 2002	1.32	1.21
September 2002	1.28	1.15
October 2002	1.16	1.11
November 2002	1.20	1.13
December 2002	1.25	1.16
January 2003	1.25	1.16
February 2003	1.24	1.20
March 2003	1.26	1.17
April 2003	1.20	1.13
May 2003	1.37	1.16
June 2003	1.40	1.30