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**YANGTZEKIANG GARMENT  
MANUFACTURING COMPANY LIMITED**  
**長江製衣廠有限公司**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 294)

**CONNECTED TRANSACTION -  
DISPOSAL OF YANGTZEKIANG MYANMAR**

The Board announces that a share purchase agreement was entered into on 30th March, 2004 between the Company as vendor and Mr. Wong Pui Lam, Mr. Wong Chun Yu, Mr. Chee Chong Sin and Ms. Tsang Sau Ngor as purchasers in relation to the entire issued share capital of YML and VHL and the YML Group Loan for a total cash consideration of US\$1,360,000 (approximately HK\$10,608,000).

YML and VHL were both investment holding companies and wholly-owned subsidiaries of the Company. YML was beneficially interested in the entire issued share capital of YangtzeKiang Myanmar. VHL held 50% of the issued share capital of YangtzeKiang Myanmar on trust for YML. YangtzeKiang Myanmar is engaged in the manufacturing and sale of garment products and its production facilities are located in Myanmar. Other than their respective interests in YangtzeKiang Myanmar, YML and VHL have no other assets or business operations.

As Mr. Wong Pui Lam is a director of YangtzeKiang Myanmar and Mr. Wong Chun Yu is the son of Mr. Wong Pui Lam, the Disposal constitutes a connected transaction of the Company. The consideration of the Disposal represents less than 3% of the audited consolidated net tangible assets of the Group for the financial year ended 31st March, 2003. Therefore, the Disposal will only need to be disclosed in the Company's next published annual report and accounts in accordance with Rule 14.25(1) of the Listing Rules and no independent shareholders' approval will be required.

**The Share Purchase Agreement**

Date : 30th March, 2004  
Parties : The Company (as vendor)  
Mr. Wong Pui Lam  
Mr. Wong Chun Yu  
Mr. Chee Chong Sin  
Ms. Tsang Sau Ngor  
(as purchasers)

Interest to be sold : The entire issued share capital of YML and VHL and the benefit of the YML Group Loan

Consideration : US\$1,360,000 (approximately HK\$10,608,000)

YML and VHL were both investment holding companies and wholly-owned subsidiaries of the Company. YML was beneficially interested in the entire issued share capital of YangtzeKiang Myanmar. VHL held 50% of the issued share capital of YangtzeKiang Myanmar on trust for YML.

YangtzeKiang Myanmar is engaged in the manufacturing and sale of garment products and its production facilities are located in Myanmar. Other than their respective interests in YangtzeKiang Myanmar, YML and VHL have no other assets or business operations.

#### **Payment terms and use of proceeds**

The consideration of US\$1,360,000 will be payable by six annual instalments: US\$240,000 on or before each of the first to the fifth anniversary of Completion and US\$160,000 on or before the sixth anniversary of Completion. Payment of the consideration is secured by a charge over the shares of YML and VHL executed by the Purchasers in favour of the Company. No charges over the shares of YML and VHL have been given by the Company and outstanding before the Disposal. The proceeds from the Disposal of US\$1,360,000 (approximately HK\$10,608,000) will be used as working capital of the Group.

#### **Completion**

Completion of the Disposal (other than the assignment of the YML Group Loan) took place immediately after the signing of the Share Purchase Agreement. Completion of the assignment of the YML Group Loan shall take place at the sixth anniversary of Completion upon payment in full of the consideration.

#### **General information**

The principal businesses of the Group are manufacturing and sale of garment products.

The audited net losses for the two years ended 31st March, 2003 and the unaudited net losses for the six months ended 30th September, 2003 of YangtzeKiang Myanmar were approximately US\$340,000 (approximately HK\$2,650,000), US\$1,280,000 (approximately HK\$9,980,000) and US\$400,000 (approximately HK\$3,120,000) respectively.

The Board is of the view that the Disposal will better enhance the financial performance of the Group given the poor return on equity generated by YangtzeKiang Myanmar since the results of the YML Group will not be consolidated with those of the Group as from 31st March, 2004.

The consideration for the Disposal was arrived at after arm's length negotiation between the Company and the Purchasers with reference to the unaudited consolidated net tangible asset of YML Group as at 30th March, 2004 of approximately (US\$500,000) (approximately (HK\$3,900,000)), the unaudited net tangible asset of VHL as at 30th March, 2004 of approximately US\$12,000 (approximately HK\$94,000) and the unaudited outstanding amount

of the YML Group Loan (which is repayable on the Company's demand) as at 30th March, 2004 of approximately US\$1,860,000 (approximately HK\$14,500,000) on a dollar to dollar basis.

As at the date of this announcement,

- (a) the executive directors of the Company are Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To, Chan Suk Man, Chan Wing Sun Samuel, Chan Wing Chak David and Chan Suk Ling Shirley;
- (b) the non-executive director of the Company is Yeung Wing Tak; and
- (c) the independent non-executive directors of the Company are Leung Hok Lim and Wong Lam.

The Board, including the independent non-executive directors of the Company, is of the view that the transaction (including the terms of payment of the consideration and the security for such payment arrangement) is on normal commercial terms, fair and reasonable and is in the interest of the Company and its shareholders as a whole.

As Mr. Wong Pui Lam is a director of YangtzeKiang Myanmar and Mr. Wong Chun Yu is the son of Mr. Wong Pui Lam, the Disposal constitutes a connected transaction of the Company. Mr. Chee Chong Sin and Ms. Tsang Sau Ngor are independent third parties and are not connected with any director, chief executive or substantial shareholder of the Group or any associate (as defined in the Listing Rules) of any of them. The consideration of the Disposal represents less than 3% of the audited consolidated net tangible assets of the Group for the financial year ended 31st March, 2003. Therefore, the Disposal will only need to be disclosed in the Company's next published annual report and accounts in accordance with Rule 14.25(1) of the Listing Rules and no independent shareholders' approval will be required.

### **Definitions**

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

- “Board” the board of directors of the Company;
- “Company” YangtzeKiang Garment Manufacturing Company Limited, a company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited;
- “Completion” completion of the Disposal which took place immediately after the signing of the Share Purchase Agreement on 30th March, 2004;
- “Disposal” the VHL Disposal and the YML Disposal;
- “Group” the Company and its subsidiaries;
- “Listing Rules” Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- “Purchasers” Mr. Wong Pui Lam, Mr. Wong Chun Yu, Mr. Chee Chong Sin and Ms. Tsang Sau Ngor;

“Share Purchase Agreement”	a share purchase agreement dated 30th March, 2004 and entered between the Company as vendor and the Purchasers in relation to the entire issued share capital of YML and VHL and the YML Group Loan;
“VHL”	Victoria Harbor Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company before the VHL Disposal;
“VHL Disposal”	the disposal of the entire issued share capital of VHL by the Company to the Purchasers under the Share Purchase Agreement as described in this announcement;
“Yangtzekiang Myanmar”	Yangtzekiang Industries (Myanmar) Limited, a company incorporated in Myanmar and a wholly-owned subsidiary of the Company before the Disposal;
“YML”	Yangtzekiang (Myanmar) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company before the YML Disposal;
“YML Disposal”	the disposal of the entire issued share capital of YML and the YML Group Loan by the Company to the Purchasers under the Share Purchase Agreement as described in this announcement;
“YML Group”	YML and Yangtzekiang Myanmar;
“YML Group Loan”	a non-interest bearing loan of approximately US\$1,860,000 (approximately HK\$14,500,000) owing by YML Group to the Company as at 30th March, 2004, which loan is repayable on demand of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China; and
“US\$”	United States dollars, the lawful currency of the United States of America.

By Order of the Directors  
**Yangtzekiang Garment Manufacturing Company Limited**  
**Chan Wing Fui, Peter**  
*Vice Chairman*

Hong Kong, 31st March, 2004

*The exchange rate of US\$ to HK\$ quoted in this announcement adopts a rate of US\$1 equivalent to HK\$7.8.*

Please also refer to the published version of this announcement in China Daily.