
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in YangtzeKiang Garment Manufacturing Company Limited (“Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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長江製衣廠有限公司

YANGTZEKIANG GARMENT MANUFACTURING COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 294)

ESTABLISHMENT OF A PRC JOINT VENTURE

QINGHAI WAN ZHAO NINGBEI ELECTRIC CORPORATION LTD.

青海萬兆寧北發電有限公司

MAJOR TRANSACTION

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DEFINITIONS

In this Circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Articles of Association”	the articles of association entered into on 10th July, 2004 between the Parties in relation to the establishment of New JV
“Board”	the board of directors of the Company
“Broad Plan”	Broad Plan Investment Limited (兆策投資有限公司), a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
“Chan Family”	Chan Directors and their associates (as defined under the Listing Rules)
“Changqing Aluminium”	青海長青鋁業有限公司 (Qinghai Changqing Aluminium Corporation), a company established under the laws of the PRC which is owned as to 35.93% by the Group
“Company”	YangtzeKiang Garment Manufacturing Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Board”	the board of directors of New JV
“JV Contract”	the joint venture contract entered into on 10th July, 2004 between the Parties in relation to the establishment of New JV
“JV Documents”	collectively, the JV Contract and the Articles of Association
“Latest Practicable Date”	24th August, 2004, being the latest practicable date prior to the printing of this Circular for ascertaining certain information for inclusion in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New JV”	青海萬兆寧北發電有限公司 (Qinghai Wan Zhao Ningbei Electric Corporation Ltd.), a limited liability company to be established in Xining, Qinghai in the PRC, which will be owned as to 35% by Broad Plan, 40% by Wanli, 20% by Qiaodian and 5% by Qinghai Power
“Parties”	collectively, Broad Plan, Wanli, Qiaodian and Qinghai Power, being parties to the Transaction, and “Party” means any one of them
“PRC”	the People’s Republic of China
“Qiaodian”	青海橋電實業總公司 (Qinghai Province Qiaodian Company), a company established under the laws of the PRC
“Qinghai Power”	青海省電力公司 (Qinghai Electric Power Company), a company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.50 each in the capital of the Company
“Shareholders”	the holders of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the joint venture arrangement in relation to New JV between the Parties as contemplated under the JV Documents
“Wanli”	青海萬立投資股份有限公司 (Qinghai Wanli Investment Company Ltd.), a company established under the laws of the PRC

LETTER FROM THE BOARD

長江製衣廠有限公司

YANGTZEKIANG GARMENT MANUFACTURING COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 294)

Directors:

Chan Sui Kau (*Chairman*)
Chan Wing Fui, Peter (*Vice Chairman*)
Chan Wing Kee (*Managing Director*)
Chan Wing To (*Deputy Managing Director*)
Chan Suk Man
Chan Wing Sun, Samuel
Yeung Wing Tak*
Chan Wing Chak, David
Chan Suk Ling, Shirley
Leung Hok Lim**
Wong Lam**
Lin Keping**

Registered Office:

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

* *Non-executive Director*

** *Independent Non-executive Directors*

26th August, 2004

To the Shareholders

Dear Sir or Madam,

ESTABLISHMENT OF A PRC JOINT VENTURE QINGHAI WAN ZHAO NINGBEI ELECTRIC CORPORATION LTD. 青海萬兆寧北發電有限公司

MAJOR TRANSACTION

1. INTRODUCTION

Reference is made to announcements of the Company dated 14th July, 2004 and 4th August, 2004 in relation to the Transaction.

The Board announces that on 10th July, 2004, Broad Plan (a wholly owned subsidiary of the Company) entered into the JV Documents with Wanli, Qiaodian and Qinghai Power to establish New JV for the purpose of developing and operating power plants in Qinghai. Upon its establishment, New JV will be owned as to 35% by Broad Plan, 40% by Wanli, 20% by Qiaodian and 5% by Qinghai Power.

The Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a Shareholders' meeting to approve the Transaction, on the basis of a written Shareholders' approval given in accordance with Rule 14.44 of the Listing Rules. This Circular contains, among others, information on the Transaction.

2. JV CONTRACT AND ARTICLES OF ASSOCIATION OF NEW JV

Date : 10th July, 2004

Parties : (1) Broad Plan, a wholly owned subsidiary of the Company
(2) Wanli
(3) Qiaodian
(4) Qinghai Power

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Wanli, Qiaodian and Qinghai Power and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

- Business : To construct and operate coal-fired and hydraulic power plants in Qinghai in the PRC and provide consultancy service in the power industry.
- Total Investment : RMB1,250,000,000 (approximately HK\$1,175,000,000)
- Registered Capital : RMB200,000,000 (approximately HK\$188,000,000), contributed by the Parties in cash and as to:
- (1) 35% by Broad Plan;
 - (2) 40% by Wanli;
 - (3) 20% by Qiaodian; and
 - (4) 5% by Qinghai Power.

The capital contribution of Broad Plan will be funded by internal resources of the Group. The capital contribution of the other Parties will be funded out of their own internal resources.

New JV will install two 135MW power generation units in Qinghai. Such installation project has been approved by Qinghai Development and Reform Commission (青海省發展及改革委員會) but is still subject to the approval of National Development and Reform Commission (國家發展及改革委員會).

Contribution to the registered capital of New JV will be made by Parties in stages according to their proportionate equity interest in New JV. The first contribution to the registered capital of New JV totaling RMB100,000,000 (approximately HK\$94,000,000) will be used in the first phase of the project in respect of the installation of the first 135MW power generation unit. Broad Plan shall contribute RMB35,000,000 (approximately HK\$32,900,000) to the registered capital of New JV within 30 working days after New JV has received the approval of National Development and Reform Commission and the first advance of the bank loan for the first phase of the installation project. The other Parties are required to make their respective first contribution on or before such date.

Contribution to the balance of the registered capital shall be made in accordance with the schedule of the second phase of the project in respect of the installation of the second 135MW power generation unit. The Parties will agree on the schedule of the second phase of the installation project and the contribution to the balance of the registered capital after the bank financing therefor has been arranged.

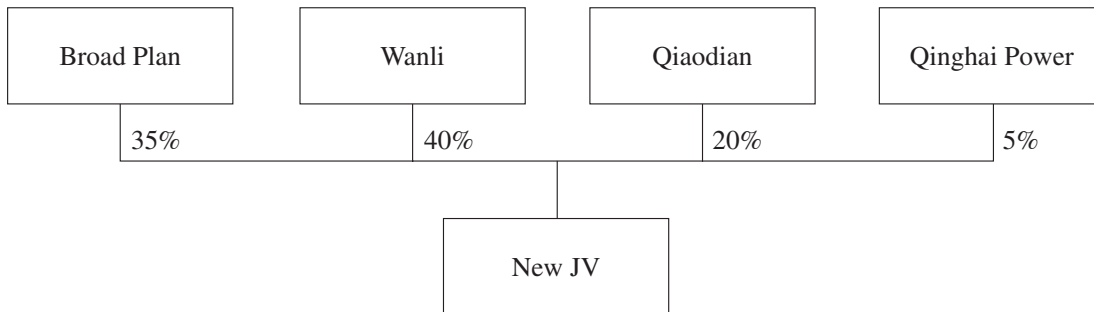
The Parties do not have any capital commitment to the balance of the total investment or any plan to contribute to the capital of New JV beyond the registered capital. New JV shall seek to obtain bank financing for the balance of the total investment.

The Parties have agreed that Broad Plan will not provide any bank guarantee in respect of the liability of New JV or other Parties.

- Term : 30 years from the date of issue of the business licence of New JV.
- JV Board : The board of directors of New JV will consist of 6 directors. Each of Broad Plan and Wanli will nominate 2 directors to JV Board and each of Qiaodian and Qinghai Power, 1 director. The chairman of the board will be appointed by Wanli.
- Conditions : The JV Documents are conditional upon all necessary approvals from the relevant PRC authorities having been obtained. The JV Contract does not specify any date by which such approvals must be obtained.

LETTER FROM THE BOARD

The shareholding structure upon the establishment of New JV is as follows:–



Transfer by one Party of its interest in New JV is subject to the pre-emptive rights of the other Parties.

Subject to New JV obtaining the bank loans for the installation project, installation of the first 135MW power generation unit is scheduled to commence as soon as possible for commercial operation and production by end of 2005, and installation of the second 135MW power generation unit is scheduled to commence by middle of 2005 for commercial operation and production by end of 2006. The Company will make a further announcement in case there is any material delay in the schedule for the commercial operation and production of the power generation units of New JV.

The Parties have agreed that upon formation of New JV and in any event before it commences commercial operation, New JV shall enter into negotiation with Changqing Aluminium and Qinghai Power in respect of power supply by New JV to Changqing Aluminium through the power grid operated by Qinghai Power. If the relevant parties fail to agree on such power supply arrangements before the scheduled commencement of the commercial operation of New JV, the board of New JV will reconsider its operation schedule and other power supply arrangements in Qinghai. The Parties have also agreed in principle that New JV will, after its establishment, consider entering into cooperative arrangements with Changqing Aluminium. The purpose of such cooperative arrangements is to provide New JV with a stable user of the power produced and Changqing Aluminium, a stable supply of power at a cost reasonable and competitive as compared to the market rate. Such cooperative arrangements are not alternatives to the power supply arrangement but separate transactions. The Parties have not agreed on the form or details of such cooperative arrangements. The Company will comply with the relevant disclosure, reporting and/or shareholders' approval requirements under the Listing Rules to the extent that the same may be applicable to the Company and the said power supply or cooperative arrangements.

Changqing Aluminium is a sino-foreign equity joint venture company in Qinghai owned as to 35.93% by the Group and is currently engaged in the production and distribution of aluminium products. Qinghai Power is one of the Parties and will become one of the shareholders of New JV. Save as aforesaid, no agreement in relation to the power supply or cooperative arrangements has been entered into at this stage. Such arrangements will be subject to the approval of the relevant PRC authorities.

The terms of the JV Documents have been arrived at after arm's length negotiations between the Parties. Pursuant to the JV Documents, the profit-sharing arrangement will be in proportion of the respective contribution in the registered capital of New JV by each Party. New JV will not be consolidated into the Company's accounts upon its establishment and the equity method of accounting will be adopted.

Financial effects on the Group

The Group's net profit for the financial year ended 31st March, 2004 was approximately HK\$69.1 million. Upon the establishment of the New JV, the Group will become interested in 35% of the equity interest in New JV and will become entitled to 35% of the net profit generated by New JV. The Group's share of the results of New JV will be reflected in the consolidated income statement of the Group for the financial period ending after New JV commences its commercial operation.

As at 31st March, 2004, the audited consolidated net assets of the Group were approximately HK\$414.4 million. The Group's investment in New JV will be accounted for under equity accounting method in the consolidated financial statements of the Group after the Group contributes to the registered capital of New JV and will be initially recorded at cost and adjusted thereafter for the change in the Group's share of New JV's net assets (if any).

LETTER FROM THE BOARD

3. INFORMATION ON THE PARTIES

The Group is principally engaged in the manufacturing and sale of garment products.

The principal businesses of Wanli are investment in and operation of hydraulic and coal-fired power plants and power grids in Qinghai, investment holding and project consultancy.

The principal businesses of Qiaodian are construction and installation of coal-fired power plants in Qinghai and installation and maintenance of coal-fired power plants.

Qinghai Power is the electric power supply company in Qinghai.

4. REASONS FOR THE TRANSACTION

Given the economic development in the northwestern part of the PRC in which Qinghai situates, and the shortage of power supply which results in restricted use of power by manufacturing and other industries in Qinghai, New JV, upon its establishment, shall be able to provide additional power resources in Qinghai and contribute to the satisfaction of the power demand in this area. The formation of New JV provides an opportunity for the Group to invest in the power generation business in Qinghai.

As described above, before New JV commences its commercial operation, Changqing Aluminium shall negotiate power supply arrangements with New JV. If such arrangements are agreed at a competitive price, Changqing Aluminium shall be able to obtain a stable supply of electric power at a cost reasonable and competitive as compared to the market rate which is essential to its operation.

Taking into account the scope of business of New JV, the registered capital of New JV and the Group's capital commitment thereto, the Directors (including the independent non-executive Directors) consider that the terms of the Transaction and the JV Documents are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. OTHER INFORMATION FOR THE SHAREHOLDERS

The total commitment of the Group in New JV is RMB70,000,000 (approximately HK\$65,800,000) which represents more than 25% but less than 75% of the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules.

The Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a Shareholders' meeting to approve the Transaction, on the basis of a written Shareholders' approval given by the Chan Family (as defined herein) which comprises a closely allied group of Shareholders in accordance with Rule 14.44 of the Listing Rules. None of the Shareholders is required to abstain from voting on the Transaction. As at the Latest Practicable Date, the following persons are together beneficially interested in 76,341,600 Shares representing approximately 54.43% of the issued share capital of the Company:

Name of beneficial shareholder	Relationship	No. of ordinary shares beneficially interested	Percentage of total issued share capital of the Company
Chan Sui Kau ("SK Chan")	-	4,216,464	3.01%
Chan Lam Moon Chun	Spouse of SK Chan	2,666,236	1.90%
Yangtzekiang Investment Co. (Panama) Ltd. Inc.	Company wholly-owned by SK Chan	3,740,820	2.66%
Chan Wing Fui Peter ("Peter Chan")	Son of SK Chan	324,068	0.23%
Chan Arunee	Spouse of Peter Chan	56,000	0.04%
Trans-Business Inc.	Company wholly-owned by Chan Arunee	1,003,420	0.72%

LETTER FROM THE BOARD

Name of beneficial shareholder	Relationship	No. of ordinary shares beneficially interested	Percentage of total issued share capital of the Company
Chan Wing Kee ("WK Chan")	Nephew of SK Chan	1,174,416	0.84%
Chan Fung Kit Ching	Spouse of WK Chan	138,904	0.10%
Chan Wing To ("WT Chan")	Nephew of SK Chan	1,956,036	1.39%
Chan Wing Sun Samuel ("Samuel Chan")	Son of SK Chan	7,496	0.01%
Runneymede Consultants Ltd.	Company established for the benefit of family members of Samuel Chan	2,028,720	1.45%
Chan Wing Chak David ("David Chan")	Nephew of SK Chan	21,792	0.02%
Davidson Trust	Trust set up by David Chan	1,520,000	1.08%
Chan Suk Ling Shirley ("Shirley Chan")	Daughter of SK Chan	1,152,544	0.82%
Chow Watt Heem	Spouse of Shirley Chan	16,000	0.01%
Chan Suk Man ("SM Chan")	Niece of SK Chan	1,023,420	0.73%
Lau Shing Choy	Spouse of SM Chan	208	0.00%
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	24.67%
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	1.12%
Super Team International Limited	Company owned by WK Chan, WT Chan, David Chan, SM Chan and other members of the Chan Family	1,589,000	1.13%
Chan Family Investment Corp. Ltd. ("CFICL")	Company owned by the Chan Directors and other members of the Chan Family	11,160,920	7.95%
Tai Wah Investment Co. Ltd.	Subsidiary of CFICL	5,394,240	3.85%

LETTER FROM THE BOARD

Name of beneficial shareholder	Relationship	No. of ordinary shares beneficially interested	Percentage of total issued share capital of the Company
Wai Wing Investments Corporation	Subsidiary of CFICL	853,744	0.61%
Yangtzekiang Investment Co. Ltd.	Subsidiary of CFICL	126,764	0.09%
		<u>76,341,600</u>	<u>54.43%</u>

Yours faithfully,
For and on behalf of
**Yangtzekiang Garment
Manufacturing Company Limited**
Chan Sui Kau
Chairman

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

SUMMARY OF FINANCIAL RESULTS

The following is a summary of the audited consolidated results for the two years ended 31st March, 2004 extracted from the audited financial statements of the Group:

RESULTS

	Year ended 31st March,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i> (as restated)
Turnover	<u>1,493,488</u>	<u>1,238,363</u>
Profit from ordinary activities before taxation	93,793	47,425
Income Tax	<u>(20,323)</u>	<u>(9,237)</u>
Profit from ordinary activities after taxation	73,470	38,188
Minority interests	<u>(4,385)</u>	<u>(5,111)</u>
Profit attributable to shareholders	<u>69,085</u>	<u>33,077</u>
Earnings per share Basic	<u>\$0.49</u>	<u>\$0.24</u>

FINANCIAL POSITION

	At 31st March,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i> (as restated)
Total assets	1,385,798	1,221,904
Total liabilities	936,786	835,886
Minority interests	<u>34,651</u>	<u>33,850</u>
Shareholder's funds	<u>414,361</u>	<u>352,168</u>

INDEBTEDNESS**Borrowings**

As at the close of business on 30th June, 2004 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular), the Group had total outstanding borrowings of approximately HK\$585.9 million, comprising secured bank loans, unsecured bank loans, trust receipt loans and bank overdrafts of approximately HK\$195.7 million, HK\$330.8 million, HK\$55 million and HK\$4.4 million respectively.

The secured bank loans amounting to HK\$195.7 million are secured by machinery and certain land and buildings of the subsidiaries of the Group. The unsecured bank loans amounting to HK\$179.6 million and secured bank loans amounting to HK\$54.5 million are guaranteed by an associate of the Group.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Contingent liabilities

As at 30th June, 2004, the Group had contingent liabilities in respect of bills discounted with banks amounting to approximately HK\$114.6 million.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, none of the companies in the Group had any loan capital issued and outstanding or agreed to be issued, any bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, obligations under finance leases or hire purchases, guarantees or other material contingent liabilities as at the close of business on 30th June, 2004.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30th June, 2004.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the contribution to be made by the Group to New JV and the existing banking facilities and financial resources available to the Group, the Group has sufficient working capital for its present requirements.

FINANCIAL AND TRADING PROSPECTS

As stated in the Annual Report 2003-2004 of the Company, in the coming year of 2005 when most of the world will have quota free access for garments to the U.S.A. and E.U., the Company expects to see a substantial increase in manufacturing facilities driving prices down further. This will bring new opportunities for many but on the other hand, only the most competitive factories in terms of costs, efficiency and quality can hope to survive. Facing this unprecedented challenge, the Company believes that the following steps should be taken to position the Group in this new environment:-

1. Make sure all production plants of the Group in China and around the world are even more competitive.
2. As China will probably be the most competitive nation in garment manufacturing, the Group shall concentrate in China both in expanding the manufacturing facilities and by joint-ventures with other factories selling their production to expand the garment trading business of the Group.
3. The Group still has further plans to expand the textile plants in Wuxi as the Company believes more garment factories will be opened up in China to take advantage of the quota free access to the U.S.A. and E.U. and therefore there will be more demand for yarns and fabrics.
4. The Group will look for opportunities to develop more business in the marketing side in both the U.S. and Europe as the Group has done with Yangtzekiang S.A., in France.
5. The Group will continue to invest in non-garment related business such as the investments the Group has in the aluminium smelter in Qinghai China and W. Haking Enterprises Ltd., etc..

The Directors confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st March, 2004, being the date to which the latest published audited accounts of the Company were made up.

RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular with regard to the Company 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.

DISCLOSURE OF INTERESTS

(A) Interests of Directors and Chief Executive

- (i) As at the Latest Practicable Date, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (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 are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Name of Director	Number of Shares of HK\$0.50 each				Other interests
	Personal interests	Family interests	Corporate interests		
Chan Sui Kau	4,216,464	2,666,236	3,740,820		(i)
Chan Wing Fui Peter	324,068	1,059,420	–		(i) & (ii) & (iii)
Chan Wing Kee	1,174,416	138,904	–		(i) & (ii) & (iii) & (iv)
Chan Wing To	1,956,036	–	–		(i) & (ii) & (iii) & (iv)
Chan Wing Sun Samuel	7,496	–	2,028,720		(i) & (ii) & (iii)
Yeung Wing Tak	1,446,200	–	265,364		–
Chan Wing Chak David	1,541,792	–	–		(i) & (iv)
Chan Suk Ling Shirley	1,152,544	16,000	–		(i) & (ii) & (iii)
Chan Suk Man	1,023,420	208	–		(i) & (ii) & (iii) & (iv)
Leung Hok Lim	–	–	–		–
Wong Lam	–	–	–		–
Lin Keping	–	–	–		–

Notes:

- (i) 17,535,668 shares of the Company were held by Chan Family Investment Corp. Ltd. (which is owned by the Chan Directors 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 beneficially 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 beneficially 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) 1,589,000 shares of the Company were held by Super Team International Limited which is beneficially owned by Messrs. Chan Wing Kee, Chan Wing To, Chan Wing Chak David, 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 or the Company's chief executive, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

- (ii) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31st March, 2004 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) as at the Latest Practicable Date, none of the Directors are materially interested in any contract or arrangement which was significant in relation to the business of the Group taken as a whole.

(B) Substantial Shareholdings

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the Shares or underlying Shares 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, was directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any options in respect of such capital as at the Latest Practicable Date.

LITIGATION

As at the Latest Practical Date, the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately the date of this Circular which are or may be material:

1. a share purchase agreement dated 30th March, 2004 between the Company and Mr. Wong Pui Lam, Mr. Wong Chun Yu, Mr. Chee Chong Sin and Ms Tsang Sau Ngor in relation to the disposal by the Company of its entire interests in the holding companies of YangtzeKiang Industries (Myanmar) Limited and the related shareholders' loan; and
2. the JV Documents.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates have any interest in a business which competes or is likely to compete with the business of the Group.

CORPORATE INFORMATION

Registered office, head office and principal place of business in Hong Kong

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

Company secretary and qualified accountant

Hui Sau Ling, *FCCA, AHKSA*

Share registrar and transfer office

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

LANGUAGE

In the event of inconsistency, the English text of this Circular will prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Johnson Stokes & Master at 17th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours on any weekday (Saturdays and Sundays excepted) up to and including 10th September, 2004:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31st March, 2003 and 2004;
- (c) the material contracts referred to in this Appendix, including the JV Documents; and
- (d) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules which has been issued since the date of the latest published audited accounts of the Company.