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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 Manufacturing Company Limited, you should at once hand this circular and the accompanying proxy form 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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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)

### **INCREASE IN AUTHORISED SHARE CAPITAL**

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A notice convening the extraordinary general meeting of YangtzeKiang Garment Manufacturing Company Limited (the "Company") to be held at Function Room - Cherry, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Monday, 20th September, 2004 at 3:00 p.m. (or as soon thereafter as the Annual General Meeting of the Company to be held on the same date has concluded or been adjourned) (the "EGM") is set out on page 4 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. 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 should you so wish.

2nd September, 2004

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 2:30 p.m. on Monday, 20th September, 2004 at Function Room - Cherry, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong;
“AGM Circular”	the circular of the Company dated 26th August, 2004 containing information about matters to be dealt with at the AGM, including the new share option scheme to be adopted by the Company;
“Announcement”	the announcement of the Company dated 30th August, 2004 in relation to the Rights Issue, the Capital Increase and the change of book close period;
“associates”	has the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Board”	board of Directors;
“Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of an additional 200,000,000 Shares;
“Chan Family”	includes Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Sun Samuel, Chan Suk Ling Shirley, Chan Wing Kee, Chan Wing To, Chan Suk Man, and Chan Wing Chak David and their associates;
“Company”	YangtzeKiang Garment Manufacturing Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited;
“Directors”	directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at 3:00 p.m. (or as soon thereafter as the AGM has concluded or been adjourned) on Monday, 20th September, 2004 at Function Room - Cherry, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong to consider and, if thought fit, approve the Capital Increase;
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
“Overseas Shareholders”	Shareholders whose addresses on the register of members of the Company are outside Hong Kong on the Record Date;
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date other than the Excluded Shareholders;
“Record Date”	20th September, 2004, being the date by reference to which entitlements under the Rights Issue will be determined;
“Rights Issue”	the proposed issue of the new Share(s) to the Shareholders on the terms set out in the Announcement;
“Rights Share(s)”	the new Share(s) proposed to be issued to Qualifying Shareholders pursuant to the Rights Issue;
“Shares”	ordinary shares of the Company of HK\$0.50 each;
“Shareholders”	holders of Shares;
“Undertaking”	the undertaking dated 27th August, 2004 entered into by members of the Chan Family in favour of the Company and Chan Family Investment Corporation Limited in connection with certain undertakings given by the Chan Family relating to the Rights Issue, details of which are set out in the Announcement; and
“HK\$”	Hong Kong dollar.

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## LETTER FROM THE BOARD

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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)

*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*

2nd September, 2004

*To the Shareholders*

Dear Sir or Madam,

### INCREASE IN AUTHORISED SHARE CAPITAL

#### INTRODUCTION

The Board announced on 30th August, 2004 that the Company intends to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of an additional 200,000,000 Shares. Subject to the Capital Increase taking effect, the Board proposes to effect the Rights Issue to raise approximately HK\$126.2 million, before expenses, by issuing up to 70,122,896 Rights Shares at a price of HK\$1.8 each on the basis of one Rights Share for every two existing Shares held by the Qualifying Shareholders. Details of the Right Issue have been set out in the Announcement.

The purpose of this circular is to give you notice of the EGM at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Capital Increase.

#### PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date hereof, the Company has an authorised share capital of HK\$100,000,000 divided into 200,000,000 Shares of which 140,245,792 Shares have been issued and are fully paid. In order to facilitate the Rights Issue and the issue of Shares upon the exercise of share options which may be granted by the Company pursuant to the new share option scheme to be proposed at the forthcoming AGM, the Company proposes to increase its authorised share capital from HK\$100,000,000 to HK\$200,000,000 by the creation of an additional 200,000,000 Shares, which Shares shall on their issue rank pari passu in all aspects with the then existing Shares in issue. Detailed information about the new share option scheme to be proposed at the AGM has been set out in the AGM Circular which has been sent to you.

The proposed Capital Increase will be conditional upon the passing by the Shareholders of an ordinary resolution approving the Capital Increase at the EGM.

Pursuant to the Undertaking, each member of the Chan Family who is a party to the Undertaking has undertaken that he/she/it will vote in favour of the ordinary resolution at the EGM to approve the Capital Increase.

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## LETTER FROM THE BOARD

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### ACTION TO BE TAKEN

The notice of the EGM is set out on page 4 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. 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 should you so wish.

Pursuant to Article 75 of the existing Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### RECOMMENDATION

The Directors believe that the proposed Capital Increase is in the interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

By Order of the Board  
**YangtzeKiang Garment Manufacturing  
Company Limited**  
**Chan Sui Kau**  
*Chairman*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the members of YangtzeKiang Garment Manufacturing Company Limited (the “Company”) will be held at Function Room - Cherry, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Monday, 20th September, 2004 at 3:00 p.m. (or as soon thereafter as the Annual General Meeting of the Company to be held on the same date has concluded or been adjourned) for the purpose or considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:–

### ORDINARY RESOLUTION

“**THAT** the authorised share capital of the Company from HK\$100,000,000 divided into 200,000,000 shares of HK\$0.50 each (“Shares”) be increased to HK\$200,000,000 divided into 400,000,000 Shares by the creation of an additional 200,000,000 Shares, which Shares shall on their issue rank pari passu in all respects with the then existing Shares in issue.”

By Order of the Board  
**Hui Sau Ling**  
Secretary

Hong Kong, 2nd September, 2004

*Notes:*

- (a) The Transfer Books and Register of Members of the Company will be closed from 15th September, 2004 to 20th September, 2004, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the meeting convened by the above notice, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on 14th September, 2004.
- (b) A member entitled to attend and vote at the above meeting may appoint one or more than one proxies 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 Company’s registered office, 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

*As at the date of this notice, the 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, Chan Suk Ling Shirley, Yeung Wing Tak<sup>#</sup>, Leung Hok Lim\*, Wong Lam\* and Lin Keping\*.*

<sup>#</sup> Non-Executive Director

\* Independent Non-Executive Directors