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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)

**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**

**ANNOUNCEMENT UNDER RULE 14.36**

The Group has agreed to make its first contribution of RMB35,000,000 (approximately HK\$32,900,000) to the registered capital of New JV on or before 8th December, 2004.

Reference is made to the announcement of the Company dated 14th July, 2004 (“Announcement”) in relation to the establishment of 青海萬兆寧北發電有限公司 (Qinghai Wan Zhao Ningbei Electric Corporation Ltd.) (“New JV”) which constitutes a major transaction for the Company. A circular containing details of the transaction (“Circular”) has been despatched to the shareholders of the Company on 26th August, 2004. Unless redefined herein, terms used in this announcement have the same meanings as defined in the Announcement.

As disclosed in the Announcement and the Circular, the joint venture parties will make their first contribution to the registered capital of New JV within 30 working days after New JV has received the approval of National Development and Reform Commission (“NDRC”, and such approval, the “Approval”) and the first advance of the bank loan for the first phase of the installation project (together, the “Conditions”).

As at the date of this announcement, New JV has carried out and completed feasibility study, design of certain preliminary technical works and environmental evaluation in respect of the project. Reports on these studies and works together with the other documents in support of the application for the Approval have been submitted to the relevant authorities as required. New JV has also secured the granting of bank loan for the installation project subject to the Approval. The Approval procedure is at its final stage and the Approval is expected to be available in early 2005.

All the joint venture parties other than the Group have already made their respective first contribution to New JV. Taking into account the satisfactory progress of the project and the Approval procedures, and in order to facilitate the preliminary preparation works for the first phase of the project, the Group has agreed with the other joint venture partners to make its first contribution of RMB35,000,000 (approximately HK\$32,900,000) to the registered capital of New JV on or before 8th December, 2004. The Chan Family has approved that the first contribution to New JV will not be subject to the conditions having been fulfilled as previously required under the JV Contract. The Directors (including the independent non-executive Directors) as well as the Chan Family who has approved the transaction by way of written shareholders’ approval consider that it is in the interests of the Group to make the first contribution to New JV at this stage.

This announcement is made according to Rule 14.36 of the Listing Rules.

The grant of the Approval is at the discretion of NDRC and the Approval may or may not be obtained after the Group has made the first contribution. The Company will make a further announcement in the event that the Approval is not obtained as scheduled or there is any material change to or delay in the timetable of the project.

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, Wong Lam and Lin Keping.

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

Hong Kong, 3rd December, 2004

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