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YANGTZEKIANG GARMENT LIMITED

長江製衣有限公司

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

ESTABLISHMENT OF A PRC JOINT VENTURE WUXI TALAK INVESTMENT CO., LTD. 無錫長聯投資有限公司

AND

RESTRUCTURING OF WUXI TEXTILE OPERATIONS MAJOR AND CONNECTED TRANSACTIONS ANNOUNCEMENT UNDER RULE 14.36 FURTHER DELAY IN DESPATCH OF CIRCULAR

The Company and Wuxi Development have agreed that New JV, upon its establishment, will not acquire Wuxi Import & Export, but will continue to acquire the other six companies in the Wuxi Textile Operations on the same terms as originally contemplated under the Co-operation Agreement.

Despatch of the Circular regarding the establishment of New JV and restructuring of the Wuxi Textile Operations (other than Wuxi Import & Export) will be further delayed from 23rd January, 2006 to 28th February, 2006.

Reference is made to the announcements of the Company dated 4th November, 2005 and 28th November, 2005 (the “**Announcements**”). Terms used herein have the same meanings as defined in the Announcements. This announcement is made according to Rule 14.36 of the Listing Rules.

Changes to the Restructuring

As disclosed in the Announcements, pursuant to the Co-operation Agreement, the Company and Wuxi Development have agreed to establish New JV as the investment holding vehicle for the Wuxi Textile Operations, and that New JV will acquire the Wuxi Textile Operations at a consideration equivalent to the net asset value of the relevant company as at 31st December, 2005 after deducting all profits attributable to the shareholders, if any.

Having further reviewed the financial condition and the regulatory requirements in relation to the acquisition of Wuxi No.1 Cotton Mill Import & Export Co., Ltd. (“Wuxi Import & Export”) which is one of the seven companies in the Wuxi Textile Operations, the Company and Wuxi Development have decided that New JV, upon its establishment, will not acquire Wuxi Import & Export, but will continue to acquire the other six companies in the Wuxi Textile Operations on the same terms as originally contemplated under the Co-operation Agreement.

As disclosed in the announcement of the Company dated 4th November, 2005, Wuxi Import & Export is wholly-owned by Wuxi No. 1 and is engaged in the import and export of textile products, technology and other merchandise.

Since the Company does not hold any equity interest in Wuxi Import & Export, the said changes in the Restructuring will not affect the total consideration receivable by the Company under the Restructuring of about RMB219,991,000 (approximately HK\$211,126,000), nor the capital contribution to be made by the Company to New JV of US\$29,400,000 (approximately HK\$229,320,000).

The Chan Family currently beneficially interested in approximately 54.53% of the issued share capital of the Company has approved the said changes to the Restructuring. The Directors (including the independent non-executive Directors) consider that it is in the interest of the Group to agree to the said changes in the Restructuring.

Further delay in despatch of Circular

Pursuant to Rules 14.38 and 14A.49 of the Listing Rules, the Company is required to despatch the Circular in respect of the Transactions to its Shareholders within 21 days after publication of the announcement, being no later than 28th November, 2005.

On 28th November, 2005, the Company announced that the date for despatch of the Circular was postponed to on or before 23rd January, 2006. In the light of the changes to the Restructuring as described above, and that additional time is required for finalising certain financial information, in particular, the accountants' reports on Wuxi Textile Operations (other than Wuxi Import & Export) and the pro forma financial information on the Group for inclusion in the Circular, the Company has applied for another waiver from strict compliance with Rules 14.38 and 14A.49 of the Listing Rules by further extending the despatch date of the Circular to no later than 28th February, 2006.

By Order of the Board
YangtzeKiang Garment Limited
Chan Wing Fui, Peter
Vice Chairman

Hong Kong, 20th January, 2006

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 Suk Ling Shirley and So Ying Woon Alan; and*
- (b) the independent non-executive directors of the Company are Leung Hok Lim, Wong Lam and Lin Keping.*

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