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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

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 decided to withdraw from the investment in New JV. On 7th April, 2006, the Group received a refund of the First Contribution made on 16th December, 2004.

Reference is made to the announcements of the Company dated 14th July, 2004 (“**First Announcement**”) and 3rd December, 2004 (“**Second 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 First announcement and the Circular, it was expected that New JV would negotiate power supply arrangements with 長青鋁業有限公司 (Changqing Aluminium Corporation) (“**Changqing Aluminium**”), and provide a stable supply of electric power to Changqing Aluminium. The Group then held a 35.93% interest in Changqing Aluminium.

As anticipated in the Second Announcement, to facilitate the preliminary preparation works for the first phase of the project, the Group made its first contribution of RMB35,000,000 (approximately HK\$32,900,000) (“**First Contribution**”) for the establishment of New JV on 16th December, 2004, pending the grant of the approval of National Development and Reform Commission (the “**Approval**”). As at the date of this announcement, the Approval has not yet been granted and the First Contribution has not constituted the registered capital of New JV.

As disclosed in the Company’s announcement of 9th January, 2006 and circular of 25th January, 2006, the Group disposed of its entire interest in Changqing Aluminium to an independent third party on 6th January, 2006 (“**Disposal**”).

In light of the delay in the grant of the Approval and the Disposal, the Group started negotiating with the other joint venture partners on the Group’s withdrawal from the investment in New JV. Upon accepting the Group’s proposal, the joint venture partners arranged for a refund of the First Contribution which the Group received on 7th April, 2006.

The Directors (including the independent non-executive Directors), having considered the progress and status of this matter, believe that it is in the interests of the Group to withdraw from the investment.

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

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.

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

Hong Kong, 10th April, 2006

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