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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)

DISCLOSURE PURSUANT TO RULE 13.09 OF THE LISTING RULES

The Board announces that, on 19th July, 2007, the Wuxi Talak Group (in which the Company has a 49% equity interest) and Wuxi Development entered into the Compensation Agreement relating to certain land and buildings which are currently occupied by the Wuxi Talak Group in Wuxi, the PRC.

A net profit (after tax) of approximately RMB93 million (approximately HK\$95.8 million) will be attributable to the Company as a result of the requisition of land as contemplated under the Compensation Agreement.

The Directors believe that there should be sufficient time for the Wuxi Talak Group to complete the relocation. New premises have already been located and the relocation of production facilities will be carried out in phases to minimise business interruption. It is expected that there will not be any material adverse effect on the business operations of the Wuxi Talak Group.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Land Related Compensation

The Board announces that, on 19th July, 2007, the Wuxi Talak Group (in which the Company has a 49% equity interest) and Wuxi Development entered into the Compensation Agreement relating to certain land and buildings which are currently occupied by the Wuxi Talak Group in Wuxi, the PRC.

Pursuant to the Compensation Agreement, the compensation in connection with the requisition amounts to an aggregate of RMB350 million (approximately HK\$360.5 million), which will be paid by Wuxi Development to the Wuxi Talak Group in two instalments. The first instalment in the amount of RMB250 million (approximately HK\$257.5 million) will become payable once all production facilities and stocks have been removed from the premises. The final instalment in the amount of RMB100 million (approximately HK\$103.0 million) will become payable once all employees of the Wuxi Talak Group have been relocated to other premises. The two stages of relocation of production facilities and stocks, and employees have to be completed by 31st March, 2008 and 30th June, 2008, respectively.

The Directors consider that the terms of the Compensation Agreement are fair and reasonable, and the entering into of such agreement is in the interest of the Company and its shareholders as a whole.

Effects of the Requisition on the Group

The entire compensation proceeds of RMB350 million (approximately HK\$360.5 million) will be retained by the Wuxi Talak Group for the construction of new plants and replacement of production facilities on its new location nearby.

The net profit (after tax) effect to the Wuxi Talak Group is estimated to be approximately RMB189 million (approximately HK\$194.7 million) as a result of the requisition, of which 49%, or approximately RMB93 million (approximately HK\$95.8 million) will be attributable to the Company. The amount of such net profit was determined based on various factors resulted from the relocation including the estimated loss on the disposal and written off of certain fixed assets, various tax expenses and relocation costs expected to be incurred.

The Directors believe that there should be sufficient time for the Wuxi Talak Group to complete the relocation. New premises have already been located and the relocation of production facilities will be carried out in phases to minimise business interruption. It is expected that there will not be any material adverse effect on the business operations of the Wuxi Talak Group.

Definitions

"Board"	the board of Directors
"Company"	YangtzeKiang Garment Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange
"Compensation Agreement"	the agreement entered into by the Wuxi Talak Group and Wuxi Development on 19th July, 2007 in relation to certain land and buildings occupied by the Wuxi Talak Group in Wuxi, the PRC
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wuxi Development"	Wuxi Guolian Development (Group) Co., Ltd., a limited liability company established by Wuxi Municipal Government in Wuxi, the PRC
"Wuxi Talak Group"	Wuxi Talak Investment Co., Ltd. (a limited liability company established in the PRC, which is owned as to 49% by the Company, 46% by Wuxi Development and 5% by an independent third party) and its two wholly-owned subsidiaries, namely Wuxi Changxin Textile Co., Ltd. and Wuxi Changxin Real Estate Co., Ltd.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of RMB1.00 = HK\$1.03. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
Yangtzekiang Garment Limited
Chan Sui Kau
Chairman

Hong Kong, 19th July, 2007

As at the date of this announcement, 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 Suk Ling Shirley, So Ying Woon Alan, Leung Hok Lim, Wong Lam* and Lin Keping**

** Independent Non-Executive Director*