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YANGTZEKIANG GARMENT LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00294)

YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

**JOINT ANNOUNCEMENT
UPDATE ON THE DEVELOPMENT PROPOSALS
OF CERTAIN SITES OWNED BY THE COMPANIES**

This announcement is jointly made by Yangtzekiang Garment Limited and YGM Trading Limited (collectively the “**Companies**”).

The purpose of this announcement is to update the shareholders and potential investors of the Companies of the development proposals in relation to certain sites owned by the Companies.

BACKGROUND

Reference is made to the joint announcements of the Companies dated 10 August 2004, 23 September 2004 and 8 October 2014 in relation to the planning applications (the “**Applications**”) for the planning permission to use the following sites (the “**Sites**”) for hotel development:

<u>Location</u>	<u>Area</u>	<u>Owner</u>
20 Tai Yau Street, San Po Kong, Kowloon, Hong Kong	485.21 m ²	Luk Hop Garments Limited (a wholly-owned subsidiary of YGM Trading Limited)
22-24 Tai Yau Street, San Po Kong, Kowloon, Hong Kong	1,940.84 m ²	Yangtzekiang Garment Limited

Currently, the principal offices, factories and warehouses of the Companies are situated on the Sites.

To recapitulate, the Companies received approval and permission from the Town Planning Board of Hong Kong in respect of the Applications on 13 August 2004. The aforesaid approval and permission from the Town Planning Board (as renewed in June 2008) ceased to have effect on 30 July 2010 as the Companies did not commence the development of the Sites within the prescribed period.

On 15 February 2012, the Companies re-submitted Applications to the Town Planning Board for its planning permission to use the Sites for hotel development.

On 20 July 2012, the Town Planning Board granted the approval and permission (the “**Renewed Town Planning Approval**”) to the Companies in respect of the Applications, on substantially the same terms and conditions as the approval and permission granted in 2008.

As stated in the Companies’ joint announcement dated 8 October 2014, the Companies were in discussion with the relevant government departments on the terms and conditions of the new government leases to permit hotel uses of the Sites, and a number of issues remain outstanding. The Government has yet to offer the basic development terms or the amount of additional premium payable, and no capital commitments has been made by the Companies in this connection.

UPDATE ON THE DEVELOPMENT PROPOSALS OF THE SITES

As at the date of this joint announcement, the Renewed Town Planning Approval from the Town Planning Board is still effective. Applications have been made to the relevant government departments to permit hotel uses of the Sites. The Companies are in discussion with the government on the additional premium payable to permit the change of use of the Sites.

On the other hand, the Companies are also exploring the feasibility of rebuilding the industrial building on the Sites (the “**Rebuilding Proposals**”). In this connection, the Companies made an application for the approval of the Rebuilding Proposals to the Buildings Department of Hong Kong in October 2015 and received an approval in December 2015. However, the directors of the Companies have not yet decided on whether and when the Rebuilding Proposals shall be implemented.

As at the date of this joint announcement, the directors of the Companies have not yet decided on any specific plan to rebuild or redevelop the Sites, nor have the Companies entered into any negotiation or agreement with any person (save for the continuing discussion with the relevant government departments as stated above) or made any capital commitment in connection thereof. Accordingly, the rebuilding or redevelopment of the Sites may or may not proceed.

The Companies will continue to evaluate the various possibilities to unlock the potential value of the Sites, and will make announcement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) when appropriate.

The shareholders and potential investors of the Companies are advised to exercise caution when dealing in the shares of the Companies.

By order of the board of directors
Yangtzekiang Garment Limited
Chan Wing Fui, Peter
Chairman

By order of the board of directors
YGM Trading Limited
Chan Wing Sun, Samuel
Chairman

Hong Kong, 2 February 2016

As at the date of this announcement, the board of directors of Yangtzekiang Garment Limited consists of eight executive directors, namely Dr. Chan Sui Kau, Mr. Chan Wing Fui, Peter, Mr. Chan Wing Kee, Mr. Chan Wing To, Madam Chan Suk Man, Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley and Mr. So Ying Woon, Alan and four independent non-executive directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung, Michael and Mr. Choi Ting Ki.

As at the date of this announcement, the board of directors of YGM Trading Limited comprises seven executive directors, namely Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley, Mr. Fu Sing Yam, William, Mr. Andrew Chan, Mr. Chan Wing Fui, Peter, Mr. Chan Wing Kee and Mr. Chan Wing To, and four independent non-executive directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung, Michael and Mr. Choi Ting Ki.