



YARDWAY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(the "Company")

Stock Code: 646

ANNOUNCEMENT

IN PURSUANCE OF RULES 13.13 and 13.15 OF THE LISTING RULES

The Directors announce the details of trading receivables from a customer pursuant to Rules 13.13 and 13.15 of the Listing Rules. As at the date of this announcement, such trading receivables amounted to US\$751,500 (equivalent to approximately HK\$5,861,700).

The following disclosure is made by Yardway Group Limited (the "Company") in compliance with the disclosure requirements under Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As at the date of this announcement, the Company and its subsidiaries (the "Group") had trading receivables ("Receivables") for the sales of one set of self-contained mobile welding machine ("Machine") due from a customer namely, Sichuan United Industry Development Co., Ltd. ("SUID") which purchases the Machine for the end user, namely "China Railway No.8 Bureau Group" ("CRBG"). The amount of the Receivables is US\$751,500 (equivalent to approximately HK\$5,861,700). As at the date of this announcement, there are 280,000,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.1602 as stated in the Stock Exchange's daily quotation sheets for the trading days from 14 November 2005 to 18 November 2005 (both days inclusive), being the five business days immediately preceding the date of this announcement, the total market capitalisation of the Company is HK\$44,856,000 as at the date of this announcement. Accordingly, the Receivables amounted to approximately 13.07% of the total market capitalisation of the Company as at the date of this announcement. As the Receivables exceed 8% of the total market capitalisation of the Company as at the date of this announcement, the Company is obliged to disclose such information by way of a press announcement according to Rules 13.13 and 13.15 of the Listing Rules.

Each of SUID and CRBG is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company and its subsidiaries, or their respective associates (as defined in the Listing Rules). The Receivables are unsecured and interest free and primarily arose from the sales to SUID transacted during the financial year ending 31 March 2006. 10% of the total contract price, being the advance payment, had already been received by the Group by way of telegraphic transfer. 80% of the total contract price, being approximately 89% of the Receivables, are agreed to be settled by way of irrevocable letter of credit drawn at sight which will be settled upon the presentation of certain shipping documents, such as the relevant bill(s) of lading, the relevant commercial invoice, the relevant packing lists, the relevant quality and quantity certificate, and the relevant insurance policy. The letter of credit is valid until the 21st day after the date of the shipment of Machine, i.e. 20 November 2005. The remaining 10% of the total contract price, being approximately 11% of the Receivables, will be settled by way of telegraphic transfer within 15 days of receipt of the certificate of final acceptance and the relevant commercial invoice.

The Company will fulfill the continuing disclosure obligation under Rule 13.20 of the Listing Rules so long as circumstances giving rise to such disclosure obligation continue to exist at its interim period end or year end. The board of directors ("Directors") of the Company confirms that, save as disclosed above, the Company does not have other disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules as at the date of this announcement.

List of all Directors of the Company as at the date of this announcement

Executive Directors:

Mr. Fong Kit Wah, Alan
Mr. Rourke James Grierson
Ms. Cheung Miu Sin

Independent non-executive Directors:

Mr. Wong Man Chung, Francis
Mr. Chan Ting Kwong
Ms. Fung Siu Wan, Stella

Non-executive Director:

Mr. Yin Jie

By Order of the Board
Fong Kit Wah, Alan
Chairman

Hong Kong, 21 November 2005

The Directors of the Company jointly and severally accept full responsibility of the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.