

(incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2002

5. Taxation

RESILTS

The Board of Directors (the "Board") of Yardway Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2002 together with the comparative figures for the previous year as follows Voor ondod 31 Morch

		fear ended 51 March	
	Notes	2002 HK\$'000	2001 HK\$'000
Turnover Cost of sales/services	2	226,143 (160,411)	158,061 (101,202)
Other revenue Other net loss Distribution costs Administrative expenses Deficit on revaluation	3 3	65,732 1,076 (958) (12,227) (20,465) (3,001)	56,859 1,688 (670) (11,421) (16,240)
Profit from operations Finance cost	4(a)	30,157 (1,380)	30,216 (1,454)
Profit from ordinary activities before taxation Taxation	4 5	28,777 (3,113)	28,762 (4,241)
Profit from ordinary activities after taxation Minority interests		25,664	24,521 5
Profit attributable to shareholders		25,664	24,526
Dividends attributable to the year: Interim and special dividends declared during the year Final dividend proposed after the balance sheet date	6	15,000 2,800	34,000
Earnings per share Basic	7	17,800 13 cents	34,000 13 cents

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Group reorganisation and basis of presentation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 31 August 2001 under the Companies Law (Revised) of the Cayman Islands.

Pursuant to a reorganisation arrangement (the "Reorganisation") to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2002, the Company became the holding company of the companies nov comprising the Group on 13 March 2002, Further details of the Reorganisation are set out in the prospectus"). The Company's shares have been listed on the Stock Exchange since 28 March 2002.

(the rospectus), ine Company's shares have been instead on the Stock Exchange since 25 March 2002; The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation have been regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which consolidated financial statements have been prepared as a if the Company had been the holding company of the other companies comprising the Group throughout the years ended 31 March 2002 and 2001, or since their respective dates of the incorporation, whichever is later. The recorganisation involved companies under containing contains, and the Company and its substantiates resulting from continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting or been prepared as if the Company had been the holding company of the other companies comprising the Group through or since their respective dates of the incorporation, whichever is later. **Turnover represents the net invoiced value of goods supplied to customers**, service income and commission income. An analysis of the Group's revenue and results for the year by business and geographical segments respectively is as follows:

	Sales and d	Sales and distribution		ision of ing services f spare parts	Cons	Consolidated	
	2002	2001	2002	2001	2002	200	
Revenue from customers Unallocated other revenue	HK\$'000 187,868	HK\$'000 128,511	HK\$'000 38,275	HK\$'000 29,550	HK\$'000 226,143 1,076	HK\$'00 158,06	
Unallocated other revenue	187,868	128,511	38,275	29,550	227,219	1,68	
	18/,808	128,511	38,275	29,550	227,219	159,/4	
Segment results Contribution from operations Unallocated operating income and ex	33,765 penses	27,055	3,302	4,878	37,067 (6,910)	31,93 (1,71	
Profit from operations Finance cost Taxation Minority interests					30,157 (1,380) (3,113)	30,21 (1,45 (4,24	
Profit attributable to shareholders					25,664	24,52	
Depreciation for the year	419	253	438	92			
Segment assets Unallocated assets	114,599	82,568	27,964	10,916	142,563 63,721	93,48 29,23	
Total assets					206,284	122,72	
Segment liabilities Unallocated liabilities	83,883	52,776	5,517	2,979	89,400 26,093	55,75 18,36	
Total liabilities					115,493	74,12	
Capital expenditure incurred during the	ne year 505	1,203	626	230			
Geographical segments Year 2002							
Revenue from customers Profit from operations Segment assets Capital expenditure incurred during the year	Hong Kon HKS'00 56,95 6,00 142,56 1,13	50 51 58 53	The PRC HK\$'000 143,824 22,596	The United Sta of Amer HKS 20, 1,	ica 000	Other HK\$'00 5,02 20	
Year 2001							
Revenue from customers Profit/(loss) from operations Segment assets Capital expenditure incurred during th	Hong Kor HK\$'00 68,34 18,94 93,48 he year 1,43	90 11 15 14	The PRC HK\$'000 65,056 11,862	The United Sta of Amer HKS' 23, (ica 000	Other HK\$'00 1,62 3	
Other revenue and other net loss				20 HK\$	002 000	200 HK\$'00	
Other revenue: Gross rental income from investment Interest income Others	properties				269 554 153	48 1,10 9	
				1,	076	1,68	
Other net loss: Exchange loss, net Gain on sales of fixed assets				(963) 5	(67	
				(958)	(67	
Profit from ordinary activities befo The Group's profit from ordinary acti		after charging/(cr	editing):				
(a) Finance cost		unter enunging (er	Janing).	2	002	200	
Interest on bank borrowings re Interest on bank borrowings re Finance charges on obligations	payable after five years				966 389 25	HK\$'00 83 57 4	
(b) Other items				1,	380	1,45	
Cost of inventories				20 HK\$7 150,		200 <i>HK\$'00</i> 89,38	
Staff costs – salaries and staff benefits				24,		20,79	
 – salaries and start benefits – retirement costs Auditors' remuneration 				Î	283 800 550	20,79 22 26	

reciation woned fixed assets assets held for use under finance leases rating lease charges in respect of properties tals receivable from investment properties less outgoings of \$62,000 (2001: \$59,000)

	2002	2001
	HK\$'000	HK\$'000
Provision for Hong Kong Profits Tax for the year	4,043	4,510
Overprovision in respect of prior year	(983)	(223)
	3,060	4,287
Overseas taxation	53	37
Deferred taxation	-	(83)
	3,113	4,241
Hong Kong Profits Tax has been provided at the rate of 16% (2001: 16%) on the e appropriate current rates of taxation ruling in the relevant countries.	stimated assessable profit for the year. Overseas taxati	on is charged at the

appropriate carter into or anatoric range in the resonance commerce in the original of the provision of the original of the or

2002 HK\$'000 2001 HK\$'000 34,000 Interim and special dividends Final dividend proposed after the balance sheet date 15,000 17,800 34,000

All of the interim dividends and special dividend declared and paid for the year ended 31 March 2001 and 2002 were paid by subsidiaries of then shareholders prior to the Group's reorganisation as set out in note 1. The proposed final dividend for the year ended 31 March 2002 is subject to the approval of the Company's shareholders at the forthcoming and

The calculation of the basic earnings per share is based on the consolidated profit attributable to shareholders of approximately HKS25,664,000 (2001: HKS24,526,000) divided by the weighted average number of 196,920,548 ordinary shares (2001: 196,000,000 ordinary shares) in issue during the year. Diluted earnings per share for the years ended 31st March, 2001 and 2002 are not presented because there were no dilutive potential ordinary shares in existence during the years.

BUSINESS REVIEW

The Group is principally engaged in the sale and distribution of vehicles and equipment covering major transport sectors with a specialisation in railway maintenance equipment, airport ground support equipment and coaches and trucks. This year is a milestone year of the Group since its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Directors believe that with its listing status and enhanced reputation, the Group can further explore more business opportunities and strengthen its financial position

For the year ended 31 March 2002, the turnover amounted to approximately HK 226 million, representing an increase of approximately 43% over the previous year. The net profit attributable to shareholders was approximately HK 25.7 million for the year ended 31 March 2002, recording a 4.6% rise. The Group's growth in turnover was primarily due to the stable growth in the railway maintenance equipment as well as the satisfactory performance of other divisions.

Railway maintenance equipment and airport ground support equipment

The year has been encouraging for this division. As compared to last year, the sales for this division was increased by 118.1%. The division accounted for about 59.2% of the Group's turnover during the year. This was mainly attributable to our Group's successful winning of several international competitive bid projects to supply the railway maintenance equipment last year which were complete during the year under review. The Group had entered into a distributorship arrangement with BF Goodrich, a worldwide leading the set of the Group's turnover during the year under review. supplier of aircraft parts and equipment. Leveraging on its established relationship with the leading airline operators in the PRC, the Group has been working actively to capture more business opportunities. We have been benefited from China's promising economic growth and the development of many large infrastructure projects.

Coaches and trucks

The sales and profit contribution of trucks were slightly affected by the economic downturn in Hong Kong as the sales of this division was primarily in Hong Kong. The division accounted for about 6.5% of the Group's total turnove

Engineering services and spare parts In the year under review, the weakening in the Hong Kong economy affected our business of the provision of engineering services and spare parts for lveco trucks. However, there was an increase in engineering services for Neoplan buses as the increased number of Neoplan buses in Hong Kong which in turn increased the provision of after-sale maintenance services. An indication of this was that the overall sales of this division was increased by 29.5% over the same period of last year.

To capitalise on the development of infrastructure projects in the PRC, the Group has established a new division to supply the construction equipment and related spare parts to the PRC customers. The division procured two sizeable contracts amounting to HK\$8,631,000 and the division had completed these contracts during the year under review.

Luxury yachts and related equipment

The sales of luxury vachts and related equipment amounted to HK\$30,590,000, recording 14.9% rise as compared to last year. This division has recorded the first year profit as a result of cost control in the operation

PROSPECTS

The Group will continue its efforts in capturing the business opportunities in the People's Republic of China ("PRC") by participating large exhibitions in the major cities of the PRC. The Group will also actively pursue the opportunities to collaborate with a machinery manufacturer in the PRC to manufacture, assemble and integrate railway maintenance equipment and related systems

In order to position itself closer to our PRC customers and to obtain instant market information, the Group maintains an efficient and extensive network of representative offices in Beijing, Shanghai, Guangzhou, Shenzhen and Xiamen. The Group will continue to expand its network by establishing new offices in other major cities of the PRC.

Looking to the future, as the PRC government is developing many large-scale infrastructure projects, the Directors believe that this will further enhance the economic growth in the PRC and increase the demand for transportation related equipment. In view of this, the Directors are optimistic about the prospects of the Group and endeavour to increase our shareholders' value in the years to come. LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations from internal generated funds and banking facilities. For the year under review, the Group continued to maintain a healthy financial position. As at 31 March 2002, total assets of the Group were HK\$206,284,000, 68.1% up from HK\$122,722,000 a year ago.

The gearing ratio of the Group was approximately 17% (2001: 17%), calculated on the basis of the Group's total borrowings over total assets at the year end date. The current ratio improved from 1.4 to 1.7. As at 31 March 2002, the Group had total cash and bank balances of approximately HK\$78,482,000, against a total bank borrowings of HK\$34,886,000. An interest coverage ratio of 21.9 times, reflects the Group's strong ability to service its borrowings.

The Group closely monitored its foreign currency exposure and hedged such exposure arising from major contracts entered into by the Group denominated in foreign currencies through the use of short-term forward foreign exchange contracts during the year under review.

CONTINGENT LIABILITIES

At 31 March 2002, the Group has given guarantees in favour of third parties (representing customers and potential customers) for performing duties and quality assurance amounting to HK\$2,196,000 (2001: HK\$1,373,000) and 14,292,000 (2001: HK\$14,048,000) respectively

POST BALANCE SHEET EVENT

Non 3 June 2002, a wholly-owned subsidiary of the Company entered into an agreement to purchase a leasehold property in Hong Kong from an independent third party for its operational use at a consideration of HK\$10,000,000.

CLOSURE OF REGISTER OF MEMBERS

CLOSURE OF REGISTER OF MEMBERS The Register of Members will be closed from 15 August 2002 to 20 August 2002, both days inclusive during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant shares certificates must be lodged with the Company's share registrars, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on 14 August 2002.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SHARES

The Company's shares were listed on the Main Board of the Stock Exchange on 28 March 2002. Neither the company nor any of its subsidiaries purchase, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") since the date of the listing of the Company's shares, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with Company's articles of association.

AUDIT COMMITTEE

The Company established an audit committee on 13 March 2002 with written terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. The audit committee comprises two independent non-executive directors. They will be responsible for dealing with audit related matters which include reviewing and supervising the financial reporting ess and internal control to protect the interests of the shareholders.

PUBLICATION OF THE FINAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE The financial and other information required by Paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board Fong Kit Wah, Alan Chairman and Managing Director

Hong Kong, 15 July 2002

1,211 183

(424)

1,620 163 2,194

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting (the "Meeting") of Yardway Group Limited (the "Company") will be held at Aberdeen Room, Level 3, JW Marriott Hotel, Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 20th August 2002 at 3:00 p.m. for the following purposes:

- To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st March 2002.
- 2. To declare a final dividend.
- 3. To re-elect the retiring directors and to authorize the Board of Directors to fix the remuneration of the directors.
- 4. To re-appoint auditors and to authorize the Board of Directors to fix their remuneration.
- 5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:
 - "THAT
 - (a) subject to paragraph (c) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any Share Option Scheme (as hereinafter defined) of the Company; or (iii) any scrip dividend or other similar arrangement providing for the allottent of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the shares of the Company in issue at the date of passing this resolution; and
 - (d) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
 - $(i) \quad \mbox{the conclusion of the next annual general meeting of the Company;}$
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders in a general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.

"Rights Issue" means an offer of shares open for a period fixed by the directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); and

"Share Option Scheme" means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to executive directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company.".

6. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the shares of the Company in issue at the date of passing this resolution; and
- (c) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders in a general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.".
- 7. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"THAT conditional upon the passing of Ordinary Resolutions 5 and 6 as set out in the notice convening this Meeting, the general mandate granted to the directors to issue and dispose of additional shares in the capital of the Company pursuant to Ordinary Resolution 5 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the shares of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution 6 set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the shares of the Company in issue at the date of passing this resolution.".

By order of the Board Cheng Siu Kwan Company Secretary

Hong Kong, 15th July 2002

Notes:

- (a) The Register of Members will be closed from 15th August 2002 (Thursday) to 20th August 2002 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the 2002 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 14th August 2002 (Wednesday).
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or, if holding two of more shares, more than one proxy to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company.
- (c) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Branch Registrar in Hong Kong, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (d) To be valid, the notification of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at the Company's Branch Registrar in Hong Kong, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less 48 hours before the time fixed for holding the Meeting or adjournment thereof.