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(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 two customers 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\$998,586 (equivalent to approximately HK\$7,788,970.80) and US\$1,198,732.80 (approximately HK\$9,350,115.84) respectively, totaling US\$2,197,318.80 (approximately HK\$17,139,086.64).

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 the following trading receivables ("Receivables") for the sale of:

- (a) one set of fixed rail welding machine ("Machine") due from a customer namely, Foreign Capital & Technical Import Center, Ministry of Railways, the PRC ("FCTIC") with CMC International Tendering Corporation ("CMCITC") acting as the procurement agent; and
- (b) four loaders ("**Loaders**") due from a customer namely, Shanghai Pudong International Airport Import-Export Co., Ltd. (上海浦東國際機場進出口有限公司) ("**SPIAIE**") which purchases the Loaders for the end-user, namely Shanghai International Airport Co., Ltd. (上海國際機場股份有限公司) ("**SIA**").

The amount of the Receivables due from each of FCTIC ("FCTIC Receivables") and SPIAIE ("SPIAIE Receivables") is US\$998,586 (equivalent to approximately HK\$7,788,970.80), and US\$1,198,732.80 (approximately HK\$9,350,115.84) respectively. 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\$0.1534 as stated in the Stock Exchange's daily quotation sheets for the trading days from 20 December 2005 to 28 December 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\$42,952,000 as at the date of this announcement. Accordingly, the FCTIC Receivables and the SPIAIE Receivables amounted to approximately 18.13% and 21.77% respectively of the total market capitalisation of the Company as at the date of this announcement. As both of the FCTIC Receivables and the SPIAIE 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 FCTIC, CMCITC, SPIAIE, SIA and their ultimate beneficial owners 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 FCTIC and SPIAIE transacted during the financial year ending 31 March 2006. Details of the payment terms of such transactions are as follows:

The FCTIC Receivables

(a) 100% of the FCTIC Receivables are agreed to be settled by way of irrevocable letter of credit drawn at sight of which (i) 90% will be settled upon the presentation of certain shipping documents, including the relevant bills of lading, the relevant commercial invoice, the relevant packing lists, the relevant quality and quantity certificate, the relevant insurance policy, the relevant certificate of origin, the relevant plant quarantine certificate, the relevant shipment advice, and the relevant China compulsory certificate needed for customs clearance etc.; and (ii) 10% will be settled within 28 days of receipt of the Machine upon submission of the final acceptance certificate and the relevant commercial invoice.

The letter of credit must be presented within 21 days after the date of shipment and is valid until the 30th day after signing of the final acceptance certificate.

The SPIAIE Receivables

(b) 100% of the SPIAIE Receivables are agreed to be settled by way of irrevocable letter of credit drawn at sight of which (i) 15% will be settled upon the presentation of the draft and the relevant commercial invoice; (ii) 75% will be settled upon the presentation of the draft and certain shipping documents, including the relevant bills of lading, the relevant commercial invoice, the relevant packing lists, the relevant quality and quantity certificate, the relevant insurance policy, and the relevant certificate of origin; and (iii) the remaining 10% will be settled upon the presentation of the draft and submission of the final acceptance certificate, the relevant commercial invoice, and the relevant letter of guarantee of quality.

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

Hong Kong, 29 December 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.