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YARDWAY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
(the "Company")
(Stock code: 646)

ANNOUNCEMENT

The Directors have noted the recent decrease in the shares of the Company and which to state that save for the purchase today of 152,000 shares on the market by Mr. Fong Kit Wah, Alan, an executive director and substantial shareholder of the Company, they are not aware of any reason for such decrease. Immediately after the transaction, the shareholding of Mr. Fong Kit Wah, Alan (through company controlled by him and personal) will increase from 47.11% to 47.164%

Shareholders and investors should exercise caution in dealing in the shares.

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors of Yardway Group Limited (the "Directors") has noted recent decrease in the price of the shares of the Company and wish to state that we are not aware of any reasons for such decrease save for the following.

The Directors have been notified by Mr. Fong Kit Wah, Alan, an executive director and substantial shareholder of the Company that he has today purchased 152,000 shares in the Company (representing approximately 0.054% of the total issued share capital of the Company) in which 100,000 shares and 52,000 shares were purchased on the market at price per share of HK\$0.15 and HK\$0.152 respectively.

Immediately before the transaction and according to the record of the Company, Mr. Fong Kit Wah, Alan (through companies controlled by him and personal) was interested in 131,900,000 shares representing approximately 47.11% in the Company and immediately after the transaction; Mr. Fong was interested in 132,052,000 shares representing approximately 47.164% in the Company.

Save as disclosed above, the Directors are not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be a price-sensitive nature.

Shareholders and investors should exercise caution in dealing in the shares.

This announcement is made by the order of the Board of the Company, the directors of which jointly and individually accept responsibility for the accuracy 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. Law Yui Lun
Mr. Wong Man Chung, Francis

Non-executive Director:

Mr. Yin Jie

By Order of the Board
Fong Kit Wah Alan
Chairman

Hong Kong, 28 July 2004

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.