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

DISCLOSEABLE TRANSACTION

On 6 March 2006, Yardway Equipment Limited, a wholly-owned subsidiary of the Company, entered into an Agreement for transfer of equity interests for the Acquisition of Baotou Co..

The Acquisition constitutes a discloseable transaction of the Company for the purposes of the Listing Rules. A circular containing details of the Acquisition will be despatched to the shareholders as soon as practicable.

Agreement for transfer of equity interests dated 6 March 2006 ("Transfer Agreement")

Parties

Transferee : Yardway Equipment Limited, a wholly-owned subsidiary of the Company (the "YEL"); and

Transferor : a natural person, an independent third party of the Company who is not connected with the directors, chief executive, substantial shareholders of the Company and/or its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing

of the Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")).

Equity interests to be acquired

The equity interests to be acquired is 40% equity interests (which represents 40% registered capital) in 包頭北方奔馳客車製造有限公司 (Baotou North-Benchi Coach Manufacturing Co. Ltd.) ("Baotou Co.") which is principally engaged in the development, manufacture and sale of chassis of coaches and components of vehicles, the provision of relevant repair and maintenance services, processing services, technical services and consultation in the PRC.

As at 31 December 2005, the unaudited net asset value of Baotou Co. amounted to RMB7,703,758.09 (equivalent to approximately HK\$7,407,460). For the financial year ended 31 December 2004, the audited net loss of Baotou Co. amounted to RMB1,588,390.29 (equivalent to approximately HK\$1,527,298). For the financial year ended 31 December 2005, the unaudited net loss of Baotou Co. amounted to RMB572,788.60 (equivalent to approximately HK\$550,758).

Consideration

The consideration for the acquisition of the 40% equity interests in Baotou Co. (the "Acquisition") is RMB4,000,000 (equivalent to approximately HK\$3.85 million) ("Consideration") which will be satisfied by way of cash internally generated by the Group. An initial deposit of RMB300,000 (equivalent to approximately HK\$288,462) ("Deposit") will be paid by YEL to the Transferor within 5 business working days upon signing of the Transfer Agreement. The balance of the Consideration in the sum of RMB3,700,000 (equivalent to approximately HK\$3,557,692) will be paid by YEL to the Transferor within 14 days from the grant of approvals by the relevant government authorities for the establishment of Baotou Co. as a Sino-foreign equity joint venture in the PRC.

The Consideration was arrived at after arm's length negotiations and with reference to the registered capital of RMB10,000,000 of Baotou Co.. The directors of the Company (the "Directors") believe that the terms of the Acquisition (including the Consideration) are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Terms of the Transfer Agreement

The principal terms of the Transfer Agreement are, among others, as follows:

- 1. before the signing of the Transfer Agreement, the Transferor had obtained approvals on the transfer of the 40% equity interests in Baotou Co. from the Transferor to the Transferee from the other existing shareholders of Baotou Co.;
- the Acquisition will be completed within 14 days from the grant of approvals by the relevant government authorities for the establishment of Baotou Co. as a Sino-foreign equity joint venture in the PRC;
- 3. the board of directors of Baotou Co. will be reorganized to the effect that the board will be comprised of five directors, amongst which one director will be appointed by 包頭北方重型汽車有限公司 (Baotou North-Benz Heavy-Duty Truck Co. Ltd.), and each of the Transferor and YEL will appoint two directors respectively. The Transferor will act as the chairman of the board of Baotou Co. and the general manager of Baotou Co. will be recommended by YEL;
- 4. if the Acquisition is not completed due to reasons, such as failure to obtain approvals from the relevant PRC authorities for the Acquisition, the representations, warranties and undertakings in respect of, inter alia, the business and operations of Baotou Co. on the part of the Transferor found to be untrue or materially misleading or by other reason(s) not caused by the default of the Transferor and the Transferor, the Transferor has to return the Deposit to YEL within 14 days from the date of issue of a notice by YEL;
- 5. if the Acquisition is not completed due to a default on the part of YEL, the Transferor has the right to forfeit the Deposit; and
- 6. if the Acquisition is not completed due to a default on the part of the Transferor, the Transferor has to return the Deposit to YEL together with interests calculated at the prevailing rate quoted by banks for the corresponding period of payment of the Deposit.

Completion is initially scheduled to take place within 14 days from the date of the grant of approvals by the relevant government authorities for the establishment of Baotou Co. as a Sino-foreign equity joint venture in the PRC.

Reasons for the Acquisition

The Company and its subsidiaries (the "Group") are principally engaged in the sale and distribution of vehicles and equipment covering most major transport sectors in Hong Kong and the PRC with a specialisation in railway maintenance equipment, airport ground support equipment and coaches and trucks. The Group is also engaged in the distribution of yachts and the provision of engineering services for coaches and trucks.

The Directors of the Company, including the independent non-executive Directors, consider that the Acquisition had been conducted on normal commercial terms and believe that the terms of the Acquisition which were arrived at after arm's length negotiations are fair and reasonable and in the interests of the Company and the shareholders as a whole. The Acquisition diversifies and expands the Group's existing businesses and is expected to broaden the bases for generating more stable revenue for the Group in the future. Although Baotou Co. is a loss making company, Baotou Co. is equipped with manufacturing capacity and technical know how, while the Group possesses with extensive market network. The Group intends to explore the opportunity to establish manufacturing base for chassis of coaches in the PRC for developing oversea markets.

The Acquisition constitutes discloseable transaction for the purposes of the Listing Rules.

A circular giving details of the Acquisition will be sent to the shareholders of the Company as soon as practicable.

Price and Trading Volume increase

The Directors have noted the recent increase in the price and trading volume of the shares of the Company and wish to state that the Directors are not aware of any reasons for such increase.

The Directors also confirm that save for the Acquisition, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

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:

By Order of the Board Fong Kit Wah, Alan Chairman

Hong Kong, 6 March 2006

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.