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## YARDWAY GROUP LIMITED

### 啟帆集團有限公司

(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 EUR1,298,473.99 (equivalent to approximately HK\$12,475,738).

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 29 sets of switch welding machines ("Machines") due from a customer namely, Foreign Capital & Technical Import Center, Ministry of Railways, the PRC ("FCTIC"). The amount of the Receivables is EUR1,298,473.99 (equivalent to approximately HK\$12,475,738). 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\$0.156 as stated in the Stock Exchange's daily quotation sheets for the trading days from 22 August 2005 to 26 August 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\$43,680,000 as at the date of this announcement. Accordingly, the Receivables amounted to approximately 28.56% 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.

FCTIC 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 transacted during the financial year ending 31 March 2006. 100% of the Receivables are agreed to be settled by way of irrevocable letter of credit drawn at sight of which 90% will be settled upon the presentation of certain transaction and/or shipping documentations, such as the relevant bill(s) 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, shipping advices, etc. and 10% will be settled within 28 days of receipt of the Machines upon submission of final acceptance certificate 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, 29 August 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.