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## Happy City Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)



## YARDWAY GROUP LIMITED

啟帆集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 646)

### JOINT ANNOUNCEMENT

#### (1) The mandatory conditional cash offers by



華富嘉洛證券有限公司  
Quam Securities Company Limited

on behalf of Happy City Holdings Limited  
for all the issued shares and all outstanding share options of  
Yardway Group Limited

(other than those already owned  
by Happy City Holdings Limited and parties acting in concert with it)  
have become unconditional

#### (2) Change of directors

#### (3) Change of composition of the remuneration committee, nomination committee and audit committee and

#### (4) Change of agent for service of process in Hong Kong

#### Financial adviser to Happy City Holdings Limited



Quam Capital Limited

#### The Offers have become unconditional

As at 4:00 p.m. on 11 October 2007, the Offeror had received three valid acceptances in respect of 10,424,000 Shares under the Share Offer, representing approximately 3.70% of the total issued share capital of the Company, and no valid acceptance had been received in respect of the Share Option Offer.

Immediately after Completion, the Offeror Parties were interested in 133,732,000 Shares, representing approximately 47.4% of the issued share capital of the Company. Other than the acquisition of these Sale Shares and the acceptance of the 10,424,000 Shares under the Share Offer, the Offeror Parties did not acquire or agree to acquire any Shares, rights over Shares or Share Options during the offer period from 30 July 2007 to 11 October 2007.

The Offers were conditional upon valid acceptances being received in respect of the Share Offer by not later than 4:00 p.m. on the First Closing Date which together with the Shares already held by the Offeror Parties constitute more than 50% of the voting rights of the Company.

Taking into account the 10,424,000 Shares accepted under the Share Offer and the 133,732,000 Shares already held by the Offeror Parties, the Offeror Parties in aggregate held 144,156,000 Shares, representing approximately 51.1% of the issued share capital of the Company as at 4:00 p.m. on 11 October 2007. Accordingly, the condition of the Offers has been fulfilled and the Offers have become unconditional.

Pursuant to Rule 15.3 of the Takeovers Code, the Offers must remain open for acceptances for a period of not less than 14 days after the Offers have become unconditional. Therefore, the Offers will remain open for acceptances until 4:00 p.m. on 25 October 2007.

#### Change of board composition of the Company

As a result of the change in control of the Company, each of Mr. Fong Kit Wah, Alan, Mr. Rourke James Grierson and Ms. Cheung Miu Sin resigned as an executive Director with effect from 11 October 2007. Each of Mr. Wong Man Chung, Francis, Mr. Chan Ting Kwong and Ms. Fung Siu Wan, Stella resigned as an independent non-executive Director with effect from 11 October 2007.

Mr. Zhang Qing Lin was appointed as an independent non-executive Director with effect from 11 October 2007.

#### Change of composition of the remuneration committee of the Company

Ms. Fung Siu Wan, Stella resigned as the chairman and a member of the remuneration committee of the Company with effect from 11 October 2007. Ms. Cheung Miu Sin, Mr. Wong Man Chung, Francis and Mr. Chan Ting Kwong also resigned as members of the remuneration committee of the Company. With effect from 11 October 2007, the remuneration committee of the Company comprises Mr. Cui Yong (chairman), Mr. Gao Ning and Mr. Zhang Qing Lin, all of them are independent non-executive Directors.

#### Change of composition of the nomination committee and the audit committee of the Company

With effect from 11 October 2007, Mr. Chan Ting Kwong resigned as the chairman and a member of the nomination committee of the Company and a member of the audit committee of the Company. Furthermore, Mr. Wong Man Chung, Francis resigned as the chairman and a member of the audit committee of the Company and a member of the nomination committee of the Company. Ms. Fung Siu Wan, Stella resigned as a member of the nomination committee and the audit committee of the Company. With effect from 11 October 2007, the nomination committee and the audit committee of the Company comprise Mr. Gao Ning (chairman of the audit committee), Mr. Cui Yong (chairman of the nomination committee) and Mr. Zhang Qing Lin, all of them are independent non-executive Directors.

#### Change of the agent for the service of process in Hong Kong

The Board also announces that with effect from 21 September 2007, Ms. Chan Yim Kum, the Company's secretary, has been appointed as the Company's agent, in place of Mr. Fong Kit Wah, Alan and Ms. Cheung Miu Sin, to accept service of process and notices on behalf of the Company in Hong Kong pursuant to Rule 19.05(2) of the Listing Rules.

Reference is made to the composite offer document dated 20 September 2007 (the “Composite Document”) issued by Happy City Holdings Limited and Yardway Group Limited. Terms used herein shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

THE OFFERS HAVE BECOME UNCONDITIONAL

As at 4:00 p.m. on 11 October 2007, the Offeror had received three valid acceptances in respect of 10,424,000 Shares under the Share Offer, representing approximately 3.70% of the total issued share capital of the Company, and no valid acceptance had been received in respect of the Share Option Offer.

The Offeror Parties did not hold, control or direct any Shares, rights over Shares or Share Options immediately before the commencement of the offer period (as defined in the Takeovers Code), being 30 July 2007.

Immediately after Completion, the Offeror Parties were interested in 133,732,000 Shares, representing approximately 47.4% of the issued share capital of the Company. Other than the acquisition of these Sale Shares and the acceptance of the 10,424,000 Shares under the Share Offer, the Offeror Parties did not acquire or agree to acquire any Shares, rights over Shares or Share Options during the offer period from 30 July 2007 to 11 October 2007.

The Offers were conditional upon valid acceptances being received in respect of the Share Offer by not later than 4:00 p.m. on the First Closing Date which together with the Shares already held by the Offeror Parties constitute more than 50% of the voting rights of the Company.

Taking into account the 10,424,000 Shares accepted under the Share Offer and the 133,732,000 Shares already held by the Offeror Parties, the Offeror Parties in aggregate held 144,156,000 Shares, representing approximately 51.1% of the issued share capital of the Company as at 4:00 p.m. on 11 October 2007. Accordingly, the condition of the Offers has been fulfilled and the Offers have become unconditional.

Pursuant to Rule 15.3 of the Takeovers Code, the Offers must remain open for acceptances for a period of not less than 14 days after the Offers have become unconditional. Therefore, **the latest time and date for acceptances of the Offers is at 4:00 p.m. on Thursday, 25 October 2007.**

The revised timetable for the Offers is set out below:

	2007
Latest time for acceptances of the Offers . . . . .	4:00 p.m. on Thursday, 25 October
Closing date of the Offers (the “Closing Date”) . . . . .	Thursday, 25 October
Announcement of the results of the Offers as at the Closing Date posted on the Stock Exchange’s website. . . . .	7:00 p.m. on Thursday, 25 October
Notification of the announcement of the results of the Offers published in newspapers in Hong Kong . . . . .	Friday, 26 October
Latest date for despatch of remittances for the amounts due under the Offers in respect of valid acceptances received under the Offers . . . . .	Saturday, 3 November

Remittance in respect of the consideration payable for valid acceptances under the Share Offer referred to above will be posted to the relevant Shareholders by ordinary post at their own risk as soon as possible but in any event within 10 days of the date on which all relevant documents are received by the Registrar to render such acceptances complete and valid or 11 October 2007, whichever is the later.

All other terms of the Offers as set out in the Composite Document remain unchanged. The Independent Shareholders and Optionholders are advised to refer to the Composite Document for details of the acceptance procedures should they wish to accept the Offers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company immediately after Completion and as at the date of this announcement:

	Number of Shares held immediately after Completion	Approximate % of shareholding	Number of Shares held as at the date of this announcement	Approximate % of shareholding
The Offeror Parties	133,732,000	47.43%	144,156,000	51.12%
Goodwell Group Invest Limited ( <i>Note 1</i> )	56,000,000	19.86%	56,000,000	19.86%
CNAC ( <i>Note 1</i> )	10,252,000	3.64%	10,252,000	3.64%
Mr. Wong Man Chung, Francis ( <i>Note 2</i> )	248,000	0.09%	–	–
Mr. Chan Ting Kwong ( <i>Note 3</i> )	148,000	0.05%	–	–
Public Shareholders	81,606,000	28.93%	71,578,000	25.38%
Total	<u>281,986,000</u>	<u>100.00%</u>	<u>281,986,000</u>	<u>100.00%</u>

Notes:

- CNAC is deemed to be interested in the 56,000,000 Shares held by its wholly-owned subsidiary, Goodwell Group Invest Limited.
- Mr. Wong Man Chung, Francis resigned as an executive Director on 11 October 2007. Therefore, he is no longer a connected person of the Company under the Listing Rules.
- Mr. Chan Ting Kwong resigned as an independent non-executive Director on 11 October 2007. Therefore, he is no longer a connected person of the Company under the Listing Rules.

The minimum public float requirement of not less than 25% of the issued share capital of the Company under the Listing Rules is satisfied.

CHANGE OF BOARD COMPOSITION OF THE COMPANY

As a result of the change in control of the Company, each of Mr. Fong Kit Wah, Alan, Mr. Rourke James Grierson and Ms. Cheung Miu Sin resigned as an executive Director with effect from 11 October 2007. Each of Mr. Wong Man Chung, Francis, Mr. Chan Ting Kwong and Ms. Fung Siu Wan, Stella resigned as an independent non-executive Director with effect from 11 October 2007. Each of the aforesaid resigning Directors has confirmed that he or she has no disagreement with the Board and there are no matters in respect of his or her resignation that need to be brought to the attention of the Shareholders.

The Board would like to express their gratitude to the resigning Directors for their contribution to the Company during their respective tenure of service.

Mr. Fong Kit Wah, Alan also resigned as the chairman and chief executive officer of the Company and Mr. Li Song Xiao, an executive Director, was appointed as the chairman of the Company with effect from the date hereof.

Mr. Zhang Qing Lin was appointed as an independent non-executive Director with effect from 11 October 2007. Mr. Zhang, aged 63, has extensive experience in property construction. He has been the deputy director, director-general and secretary of both the National Planning Committee and the Administrative Bureau for Construction of the National Ministry of Construction, and the deputy general manager of China State Construction Engineering Group. Mr. Zhang is currently a committee member of the National Committee of the Chinese People’s Political Consultative Conference. Mr. Zhang is a part-time professor of the International Project Management Research Institute of Tsinghua University, the president of the Engineering Project Management Committee of Construction Industry Association of China and a fellow member of the Royal Institute of British Architects. Mr. Zhang is an independent non-executive Director of Neo-China Group (Holdings) Limited, the shares of which are listed on the Stock Exchange.

Mr. Zhang has not entered into any service contract with the Company and has no fixed term of service with the Company. Mr. Zhang is subject to retirement by rotation and re-election at the next annual general meeting of the Company pursuant to the articles of association of the Company. Mr. Zhang is currently not entitled to any director’s fee subject to review by the remuneration committee of the Company.

Save as disclosed above, Mr. Zhang has not held any directorship in other listed company in the last three years or any other position with the Company or other members of the Group. As at the date of this announcement, save for the fact that certain Directors are also directors of Neo-China Group (Holdings) Limited as disclosed in the joint announcement dated 23 August 2007 and the composite offer document dated 20 September 2007 jointly issued by the Company and the Offeror, Mr. Zhang does not have any relationship with any other director, senior management or substantial or controlling shareholder of the Company and does not hold any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters which need to be brought to the attention of the Shareholders or any other information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules regarding the appointment of Mr. Zhang.

CHANGE OF COMPOSITION OF THE REMUNERATION COMMITTEE OF THE COMPANY

With effect from 11 October 2007, Ms. Fung Siu Wan, Stella resigned as the chairman and a member of the remuneration committee of the Company. Ms. Cheung Miu Sin, Mr. Wong Man Chung, Francis and Mr. Chan Ting Kwong also resigned as members of the remuneration committee of the Company. With effect from 11 October 2007, the remuneration committee of the Company comprises Mr. Cui Yong (chairman), Mr. Gao Ning and Mr. Zhang Qing Lin, all of them are independent non-executive Directors.

CHANGE OF COMPOSITION OF THE NOMINATION COMMITTEE AND AUDIT COMMITTEE OF THE COMPANY

With effect from 11 October 2007, Mr. Chan Ting Kwong resigned as the chairman and a member of the nomination committee of the Company and a member of the audit committee of the Company. Moreover, Mr. Wong Man Chung, Francis resigned as the chairman and a member of the audit committee of the Company and a member of the nomination committee of the Company. Ms. Fung Siu Wan, Stella resigned as a member of the nomination committee and the audit committee of the Company. With effect from 11 October 2007, the nomination committee and the audit committee of the Company comprise Mr. Gao Ning (chairman of the audit committee), Mr. Cui Yong (chairman of the nomination committee) and Mr. Zhang Qing Lin, all of them are independent non-executive Directors.

CHANGE OF THE AGENT FOR THE SERVICE OF PROCESS IN HONG KONG

The Board also announces that with effect from 21 September 2007, Ms. Chan Yim Kum, the Company’s secretary, has been appointed as the Company’s agent, in place of Mr. Fong Kit Wah, Alan and Ms. Cheung Miu Sin, to accept service of process and notices on behalf of the Company in Hong Kong pursuant to Rule 19.05(2) of the Listing Rules.

For and on behalf of <b>Happy City Holdings Limited</b> <b>Li Song Xiao</b> <i>Sole Director</i>	By order of the board of <b>Yardway Group Limited</b> <b>Li Song Xiao</b> <i>Chairman</i>
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Hong Kong, 11 October 2007

*As at the date of this announcement, the executive Directors are Mr. Li Song Xiao, Mr. Yuan Kun, Ms. Song Xuan and Mr. Lu Zhao Qun; the non-executive Director is Mr. Yin Jie; and the independent non-executive Directors are Mr. Gao Ning, Mr. Cui Yong and Mr. Zhang Qing Lin.*

*Mr. Li, the sole director of the Offeror, accepts full responsibility for the accuracy of the information (other than that in relation to the Group) in this announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than that in relation to the Group) have been arrived at after due and careful consideration and there are no other facts (other than that in relation to the Group) not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that in relation to the Offeror Parties) in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that in relation to the Offeror Parties) have been arrived at after due and careful consideration and there are no other facts (other than that in relation to the Offeror Parties) not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*