

# Airport Ground Support Equipment



At Yardway, we understand that the rapid rise in air traffic in China has resulted in corresponding demands for more effective solutions to handle ever-increasing passenger, baggage and cargo volumes.

## Chairman's Statement



On behalf of the Board of Directors (the "Directors") of Yardway Group Limited (the "Company"), together with its subsidiaries, (collectively referred to as the "Group"), I am pleased to present the first annual report of the Company following the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2002.

### FINANCIAL RESULTS

The Group has enjoyed steady growth in both turnover and profit for the year ended 31 March 2002. The turnover amounted to approximately HK\$226 million, representing an increase of approximately 43% over the previous year. The net profit attributable to shareholders was approximately HK\$25.7 million for the year ended 31 March 2002, recording a 4.6% rise. The earnings per share for the year is HK13 cents.

### BUSINESS REVIEW



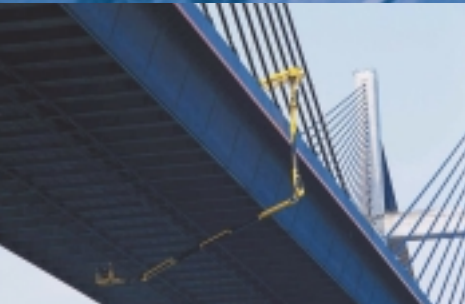
The Group is principally engaged in the sale and distribution of vehicles and equipment covering major transport sectors with a specialisation in railway maintenance equipment, airport ground support equipment and coaches and trucks. This year is a milestone year of the Group since its shares were listed on the Main Board of

The Stock Exchange. The Directors believe that with its listing status and enhanced reputation, the Group can further explore more business opportunities and strengthen its financial position.

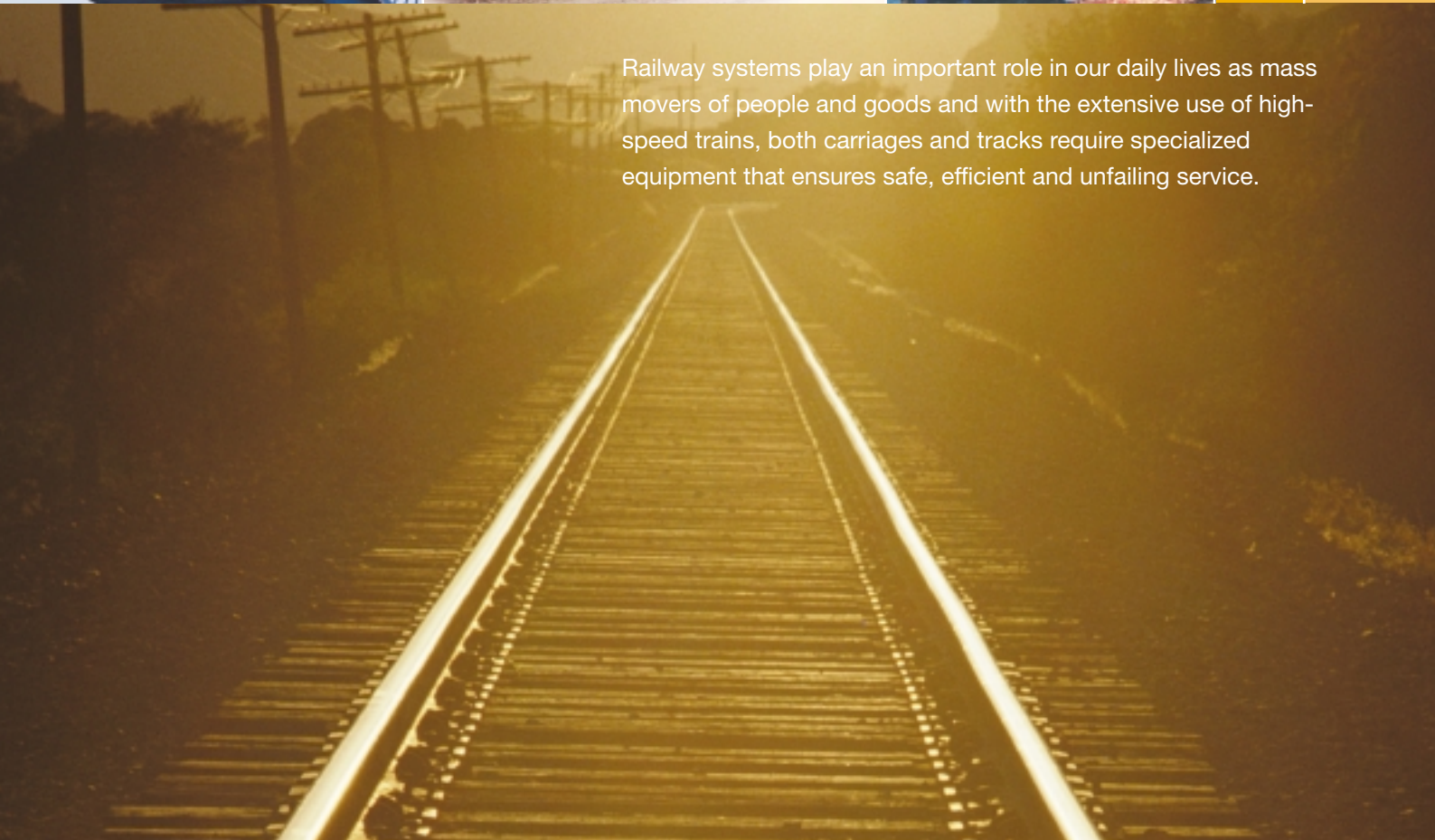




# Railway Maintenance Equipment



Railway systems play an important role in our daily lives as mass movers of people and goods and with the extensive use of high-speed trains, both carriages and tracks require specialized equipment that ensures safe, efficient and unfailing service.



For the year ended 31 March 2002, the Group's growth in turnover was primarily due to the stable growth in the railway maintenance equipment as well as the satisfactory performance of other divisions.

### *Railway maintenance equipment and airport ground support equipment*

The year has been encouraging for this division. As compared to last year, the sales for this division was increased by 118.1%. The division accounted for about 59.2% of the Group's turnover during the year. This was mainly attributable to our Group's successful winning of several international competitive bid projects to supply the railway maintenance equipment last year which were complete during the year under review. The Group had entered into a distributorship arrangement with BF Goodrich, a worldwide leading supplier of aircraft parts and equipment. Leveraging on its established relationship with the leading airline operators in the PRC, the Group has been working actively to capture more business opportunities. We have been benefited from China's promising economic growth and the development of many large infrastructure projects.

### *Coaches and trucks*

The sales and profit contribution of trucks were slightly affected by the economic downturn in Hong Kong as the sales of this division was primarily in Hong Kong. The division accounted for about 6.5% of the Group's total turnover.

### *Engineering services and spare parts*

In the year under review, the weakening in the Hong Kong economy affected our business of the provision of engineering services and spare parts for Iveco trucks. However, there was an increase in engineering services for Neoplan buses as the increased number of Neoplan buses in Hong Kong which in turn increased the provision of after-sale maintenance services. An indication of this was that the overall sales of this division was increased by 29.5% over the same period of last year.





# NEOPLAN Buses & IVECO Commercial Vehicles

Yardway strives to offer the very best quality public transport vehicles based on dependability, innovation, comfort and safety. Our full range of buses and coaches include the NEOPLAN Starliner Coach, the world's most luxurious touring coach and our exclusive rights to distribute IVECO commercial vehicles and provide service support in Hong Kong.



To capitalise on the development of infrastructure projects in the PRC, the Group has established a new division to supply the construction equipment and related spare parts to the PRC customers. The division procured two sizeable contracts amounting to HK\$8,631,000 and the division had completed these contracts during the year under review.



### *Luxury yachts and related equipment*

The sales of luxury yachts and related equipment amounted to HK\$30,590,000, recording 14.9% rise as compared to last year. This division has recorded the first year profit as a result of cost control in the operation.

### **FUTURE PROSPECTS**

The Group will continue its efforts in capturing the business opportunities in the People's Republic of China ("PRC") by participating large exhibitions in the major cities of the PRC. The Group will also actively pursue the opportunities to collaborate with a machinery manufacturer in the PRC to manufacture, assemble and integrate railway maintenance equipment and related systems.

In order to position itself closer to our PRC customers and to obtain instant market information, the Group maintains an efficient and extensive network of representative offices in Beijing, Shanghai, Guangzhou, Shenzhen and Xiamen. The Group will continue to expand its network by establishing new offices in other major cities of the PRC.



Looking to the future, as the PRC government is developing many large-scale infrastructure projects, the Directors believe that this will further enhance the economic growth in the PRC and increase the demand for transportation related equipment. In view of this, the Directors are optimistic about the prospects of the Group and endeavour to increase our shareholders' value in the years to come.



# Chairman's Statement

## DIVIDEND

The Directors have recommended a final dividend of HK1 cent for the year ended 31 March 2002. Subject to shareholders' approval, the proposed final dividend will be payable to all shareholders whose names appear on the Register of Members of the Company on 20 August 2002.



## APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all my fellow directors and all of our staff for their valuable contributions and dedication to the Group and also to our customers, suppliers and shareholders for their continuous support.

On behalf of the Board  
**Fong Kit Wah, Alan**  
Chairman and Managing Director

Hong Kong, 15 July 2002

