

**YARDWAY GROUP LTD :**  
**PROFITS ARE SLIPPING**

Although it is not stated in so many words, the forecast Net Profits Attributable to Shareholders of Yardway Group Ltd for its Financial Year, ended March 31, 2002, are most likely to be the lowest in the past 4 Financial Years – at least.

This is TARGET's assessment of the statistics, supplied by this Company, which, only recently, became a member of The Stock Exchange of Hongkong Ltd.

Yardway Group, now, officially designated Main Board Stock Code Number 646, pitched its story on March 19, 2002 when it Offered 100 million, 10-cent Shares at a Premium of 40 cents per share.

Of the total number of shares on Offer, 74 million Placed Shares were New Shares, the 10 million Public Offer Shares were New Shares, but the other tranche of 16 million Placed Shares were those, formerly the property of Mr Alan Fong Kit Wah, the Chairman of the Company.

Yardway Group is in the business of '*... the distribution of transport related equipment in Hong Kong and the PRC (the People's Republic of China). It is principally engaged in the sale and distribution of vehicles and equipment covering most major transport sectors with a specialisation in railway maintenance equipment, airport ground support equipment and coaches and trucks ...*'. (Page One of the Prospectus)

For the first half of the 2002 Financial Year, to September 30, 2001, the Company logged in a Profit Attributable to Shareholders of about \$HK10.43 million. (Appendix I, at Pages 111 and 112)

Page 86, under '*Adjusted Net Tangible Assets*', it is stated that, for the 3 months to December 31, 2001, Yardway Group registered a Net Profit Attributable to Shareholders of just a tad shy of \$HK600,000.

Therefore, for the first 9 months of the 2002 Financial Year, the Company earned not more than \$HK11 million.

It is difficult to believe that, in the last quarter of the Company's Financial Year, to March 31, 2002, the coffers could have been swollen by another \$HK13 million-odd, but that would have had to be the case in order, just to match the Net Profits Attributable to Shareholders for the 2001 Financial Year.

More than likely, on the basis of that which one may read in between the lines of the Prospectus, the probability exists for the Company's Bottom Line to have been unable to match even the Bottom Line of the 1999 Financial Year.

The following is the 42-month track record of this Company, as lifted from the Prospectus at Pages 111 and 112:

|                        | Financial Year ended March 31           |           |           | Six Months ended<br>September 30 |
|------------------------|---|-----------|-----------|----------------------------------|
|                        | 1999                                    | 2000      | 2001      | 2001                             |
|                        | All Figures are Denominated in \$HK'000 |           |           |                                  |
| Turnover               | 129,488                                 | 158,506   | 158,061   | 87,008                           |
| Cost of Sales/Services | (85,693)                                | (114,892) | (101,202) | (59,631)                         |
| Gross Profit           | 43,795                                  | 43,614    | 56,859    | 27,377                           |
| Other Revenue          | 3,168                                   | 2,815     | 1,899     | 647                              |

|   |          |          |          |         |
|---|----------|----------|----------|---------|
| Other Net Income/(Loss)                         | 397      | (120)    | 2        | 11      |
| Distribution Costs                              | (17,647) | (7,464)  | (11,458) | (5,749) |
| Administrative Expenses                         | (12,734) | (10,846) | (16,105) | (9,734) |
| Other Operating Expenses                        | (471)    | (874)    | (1,018)  | (373)   |
| Profit from Operations                          | 16,508   | 27,125   | 30,179   | 12,179  |
| Financing Costs                                 | (1,465)  | (1,096)  | (1,454)  | (752)   |
| Profit from Ordinary Activities before Taxation | 15,043   | 26,029   | 28,725   | 11,427  |
| Taxation  | (1,767)  | (4,213)  | (4,204)  | (1,000) |
| Profit from Ordinary Activities after Taxation  | 13,276   | 21,816   | 24,521   | 10,427  |
| Minority Interests                              | Nil      | Nil      | 5        | Nil     |
| Profit Attributable to Shareholders             | 13,276   | 21,816   | 24,526   | 10,427  |

It seems only too clear that the Company's business is declining ... and it is declining, very rapidly ... [CLICK TO ORDER FULL ARTICLE](#)

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