Techwayson Holdings Limited
德維森控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

ANNUAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2002

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This announcement for which the directors of Techwayson Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Techwayson Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover increased by approximately 9.4% for the year ended 30 June 2002 compared with the corresponding year in 2001.
- Profit attributable to shareholders reduced by approximately 25.5% for the year ended 30 June 2002 compared with the corresponding year in 2001.
- Earnings per share for the year ended 30 June 2002 declined to RMB12.87 cents from RMB19.63 cents for the corresponding year in 2001.

ANNUAL RESULTS (AUDITED)

The Board of Directors (the "Directors") of Techwayson Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2002, together with the comparative figures for the corresponding year in 2001 as follows:

		For the year ended 30 June	
		2002	2001
	Note	***RMB'000***	*RMB'000*
Turnover	*2*	**143,269**	130,961
Materials and equipment		**(75,517)**	(45,948)
		67,752	85,013
Other revenue		**7,542**	3,715
Staff costs		**(7,519)**	(7,224)
Depreciation and amortisation		**(5,896)**	(1,104)
Impairment on software development costs		**(6,000)**	–
Provision for product warranty costs		**(84)**	(5,504)
Other operating expenses		**(7,405)**	(12,912)
Profit from operations		**48,390**	61,984
Finance Cost		**(511)**	–
Profit before taxation		**47,879**	61,984
Taxation	*4*	**(2,849)**	(1,547)
Profit attributable to shareholders		**45,030**	60,437
Earnings per share	*5*		
– Basic		**RMB12.87 cents**	RMB19.63 cents

Notes:

1. **Group reorganisation and basis of presentation**

   The Company was incorporated in the Cayman Islands on 1 September 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since 8 February 2001.

   On 16 January 2001, the Company became the holding company of other companies comprising the Group pursuant to a group reorganisation (the "Reorganisation") which included exchanges of shares. The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the consolidated financial statement have been prepared as if the Company had been the holding company of the other companies comprising the Group throughout the year ended 30 June 2001, rather than from the date on which the Reorganisation was completed.

   The consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practices issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

2. **Turnover**

   The Group's turnover represented revenue generated from fixed price contracts in respect of (i) sales of system control equipment and software products, and (ii) fees for system integration services and was further classified under the heading of industrial automation services and building automation services. The Group's revenue from fixed price contracts is stated after deducting Mainland China value-added tax and city and county maintenance tax.

3. Segment Information

	For the year ended 30 June					
	2002			2001		
	Building automation	**Industrial automation**	**Consolidated**	Building automation	Industrial automation	Consolidated
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE						
Sales of system control equipment and software products	**66,530**	**54,571**	**121,101**	–	114,309	114,309
System Integration	**27,628**	**1,449**	**29,077**	–	19,938	19,938
	94,158	**56,020**	**150,178**	–	134,247	134,247
SEGMENT RESULT						
Sales of system control equipment and software products	**6,412**	**28,565**	**34,977**	–	70,621	70,621
System Integration	**27,265**	**1,426**	**28,691**	–	17,678	17,678
	33,677	**29,991**	**63,668**	–	88,299	88,299
Sundry income			**633**			429
Unallocated expenses			**(15,911)**			(26,744)
Profit from operations			**48,390**			61,984
Finance costs			**(511)**			–
Profit before taxation			**47,879**			61,984
Taxation			**(2,849)**			(1,547)
Profit after taxation			**45,030**			60,437
BALANCE SHEET						
ASSETS						
Segment assets						
Sales of system control equipment and software products	**301**	**58,565**	**58,866**	–	56,497	56,497
System Integration	**15,635**	**336**	**15,971**	–	25,133	25,133
	15,936	**58,901**	**74,837**	–	81,630	81,630
Unallocated assets			**138,691**			61,062
Consolidated total assets			**213,528**			142,692
LIABILITIES						
Segment liabilities						
Sales of system control equipment and software products	**64**	**8,892**	**8,956**	–	8,787	8,787
System Integration	**1,151**	**461**	**1,612**	–	2,431	2,431
	1,215	**9,353**	**10,568**	–	11,218	11,218
Unallocated liabilities			**30,731**			4,275
Consolidated total liabilities			**41,299**			15,493
OTHER INFORMATION						
Software development costs						
Sales of system control equipment and software products	**–**	**6,927**	**6,927**	–	27,710	27,710
System Integration	**–**	**–**	**–**	–	–	–
	–	**6,927**	**6,927**	–	27,710	27,710
Amortisation of software development costs						
Sales of system control equipment and software products	**–**	**4,946**	**4,946**	–	–	–
System Integration	**–**	**–**	**–**	–	–	–
	–	**4,946**	**4,946**	–	–	–
Impairment loss on software development costs						
Sales of system control equipment and software products	**–**	**6,000**	**6,000**	–	–	–
System Integration	**–**	**–**	**–**	–	–	–
	–	**6,000**	**6,000**	–	–	–

4. Taxation

Taxation consists of:

	2002	2001
	RMB'000	*RMB'000*
Current taxation		
– Mainland China enterprise income tax	**2,849**	1,547

Techwayson Industrial Ltd., a wholly-owned subsidiary established and operating in a special economic zone of Mainland China, is subject to Mainland China enterprise income tax at a rate of 15%. However, it is exempted from Mainland China enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next eight years. The tax exemption period expired on 31 December 2000 and thereafter, the Company is subject to Mainland China enterprise income tax at 7.5% until 31 December 2008.

5. Earnings per share

The calculation of basic earnings per share for the year ended 30 June 2002 was based on the consolidated profit attributable to shareholders of approximately RMB45,030,000 (2001: RMB60,437,000) and the weighted averaged number of approximately 350,000,000 shares (2001: 307,808,000 shares) deemed to be in issue during the year.

Diluted earnings per share was not presented because there were no dilutive potential ordinary shares in issue during the years ended 30 June 2001 and 2002.

6. Reserves

Movements of reserves were:

	Share premium	**Statutory reserve funds**	**Capital reserve**	**Retained profit**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2000	–	1,303	–	7,358	8,661
Premium on issue of shares	50,456	–	–	–	50,456
Share issuance expenses	(13,617)	–	–	–	(13,617)
Capitalisation of share premium	(29,679)	–	–	–	(29,679)
Capitalisation of shareholders' loans by a subsidiary	–	–	13,842	–	13,842
Effect of Reorganisation	–	–	(1)	–	(1)
Profit attributable to shareholders	–	–	–	60,437	60,437
Transfer from retained profit to reserves	–	4,006	–	(4,006)	–
As at 30 June 2001	7,160	5,309	13,841	63,789	90,099
Profit attributable to shareholders	–	–	–	45,030	45,030
As at 30 June 2002	7,160	5,309	13,841	108,819	135,129

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2002. (2001: Nil)

BUSINESS REVIEW AND OUTLOOK

Business Review

The stagnation of the general world economic growth has lead to the slide in export market demand of products of secondary industries in the PRC. This is particularly true for petro-chemical and steel refining industries where the Group generated most of its income in the past two years. Added to it, keen competition in China has made the automation business even harder. During the year under review, the Group has suffered from delays and cancellations of large-scale engineering projects, making it a difficult year to achieve its projected figures. As a result, the Group has to adjust its strategies to cope with the changing market. To raise effectiveness, it tightly controls production costs and at the same time develop new markets through selective advertising and sales promotion activities such as visits, seminars, roadshows and nation-wide exhibitions. Total revenue for the 12 months ended 30 June 2002 increased to RMB143,269,000, representing an increment of 9.4% when compared with the same period last year.

Property market in China particularly in major cities is still active with demand for high quality buildings, both commercial and residential. In this area, the Group's turnover in Building Automation System ("BAS") has increased significantly when compared with that of last year. The Group has secured contracts in Beijing, Shanghai and Zhanjiang, making BAS one of the Group's major sources of income. Despite the keen competition and low profit margin of BAS at about 36%, the market potential remains high. During the year under review, the total turnover for the segment of BAS is RMB94,158,000, representing 65.7% of the total turnover of the Group.

Industrial Automation System ("IAS") is the foundation of the Group. During the year under review, the Group expanded its market base into infrastructure related industries such as metro railway and electricity generation. These industries, fundamental to social development, are driven by local demand and Government policies. Steady growth in this sector is expected in the next ten years. The Group intends to bid for the second phase of the automation contract of the Shenzhen MRT in early 2003 as its bid for the first phase of the contract did not meet the tender requirement. In this respect, the Group is in discussion with Rockwell Automation, a foreign renowned automation equipment and system supplier, to work together in this coming project. The Group is currently supplying automation products for the first phase project as Rockwell's distributor in Guangdong. Details of the distributorship are described below. In June 2001, the Group secured a contract from Shenzhen West Power Company Limited for approximately RMB19 million, which has already been booked in the accounts for this year.

In the first quarter of 2002, the Group has signed a contract with Rockwell Automation to distribute its Allen Bradley products in Guangdong. Rockwell's sales volume in the area is estimated at US$4 million per annum. Although Automation Industry in China is a market with high entry barrier but its potential is encouraging. However, competitions are keen in this area, especially from multinational companies ("MNCs"). The Group will adopt a flexible marketing strategy which will enable the Group to compete with MNCs or when necessary cooperate with them. In this respect, the Group will leverage on the brand and its understanding of the market to provide better service to the customers.

In the fourth quarter of the period under review, the Group has signed a contract with a local merchandising company working on behalf of a foreign enterprise for the supply of specialized controllers for the manufacture of large-scale injectors on OEM basis. The total contract sum is approximately RMB28 million, and has already been reflected in the Group's performance this year. The result of the Group's first involvement in such OEM business is encouraging. The merchandising company has already indicated its intention for long-term cooperation with the Company. It is believed that such tailor-made OEM business will contribute steady income to the Group in the next few years.

Techwire Enterprise Limited, the Group's wholly owned subsidiary, holds an effective 18.52% interest in Tongling Huarui Electronic Materials Company Limited ("Tongling Huarui"). Since Tongling Huarui did not declare any dividend in the financial year ended 31 December 2001, the Group did not receive any income in the period under review. Tongling Huarui is a sino-foreign enterprise established in Tongling in Anhui province in the PRC. It is engaged in the manufacture and distribution of copper clad laminate products used in printed circuit board (PCB) production. PCB is the basic material for electronic products.

Due to the dim outlook of the international markets, in particular, Europe and the States, the Group has adopted a cautious approach in developing its overseas market.

Finance

Turnover

For the year ended 30 June 2002, the Group recorded a turnover of approximately RMB143,269,000, representing a 9.4% increase as compared to the previous financial year of 2001. The increase in sales was due to the Group's successful market base expansion strategy to Building Automation System.

Profit margin derived from fixed price contracts

For the year ended 30 June 2002, the profit margin derived from fixed price contracts (after deduction of related materials and equipment costs) was approximately RMB67,752,000, representing a decrease of approximately 20% over the year ended 30 June 2001.

For each of the year ended 30 June 2001 and 2002, the profit margin derived from fixed price contracts (after deduction of related materials and equipment costs) of the Group was approximately 64.9% and 47.3% respectively. The drop was due to firstly, a price cut in the Group's product for industrial automation under keen competition from international suppliers with new products range; secondly, thinner profit margin for the Group's Building Automation System.

Other operating expenses

For the year ended 30 June 2002, the other operating expenses of the Group amounted to approximately RMB7,405,000, representing approximately 5.2% of the turnover of the Group and a decrease of approximately RMB5,507,000 or approximately 42.7% over the same period last year.

The decrease in other operating expenses primarily resulted from the decrease in marketing expenses, to approximately RMB419,000 for the year ended 30 June 2002, representing a decrease of approximately 77.6% compared to that reported in the previous year.

Taxation

The Company was exempted from taxation in the Cayman Islands until 2020.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in or derived from in Hong Kong for the year ended 30 June 2002.

Techwayson Industrial Limited ("TIL"), a wholly-owned subsidiary of the Company was an enterprise established and operated in Shenzhen of Mainland China and was subject to Mainland China enterprise income tax ("EIT") at a rate of 15%. Pursuant to Mainland China laws of Enterprise Income Tax for Enterprises with Foreign Investment and Foreign Enterprises and approval from Shenzhen Tax Bureau, TIL was entitled to full exemption from EIT for two years starting from the first year of profitable operations after offsetting prior year losses and a 50% reduction in the next three years.

Moreover, according to Rules for Further Support to High-technology Enterprises in Mainland China, enterprises that are qualified as high-technology enterprises were entitled to further tax holidays on EIT. TIL was regarded as a high-technology enterprise and obtained the approval from Mainland China Tax Bureau, for further exemption from EIT for two years starting from the first year of profitable operations after offsetting prior year losses and a 50% reduction in the next eight years.

Profit attributable to shareholders

For the year ended 30 June 2002, profit attributable to shareholders reduced by approximately RMB15,407,000 to approximately RMB45,030,000, representing a 25.5% decrease as compared with the corresponding year in 2001. Such decrease was primarily due to a substantial decrease in profit margin derived from fixed price contracts (after deduction of related materials and equipment costs).

Earnings per share for the year ended 30 June 2002 declined to RMB12.87 cents from RMB19.63 cents for the corresponding year in 2001.

Liquidity and capital resources

As of 30 June 2002, a majority of the Group's debt was denominated in Hong Kong Dollars, unsecured and interest bearing at LIBOR plus 0.5%. As of 30 June 2001, the Group had no any borrowing or long term debts. The Group had not been granted any banking facilities for the fiscal year of 2001/02 and 2000/01. The incomes of the Group were dominated either in Hong Kong Dollar or Renminbi and the Group had adequate recurring cash flow to meet maturing borrowings. The Group adhered to a prudent policy on financial risk management and the management of currency and interest rate exposures. Hence the Group's exposure to fluctuations in the exchange rate was considered to be minimal and there was seldom any need to make use of financial instruments for hedging purposes.

The borrowing maturity profiles of the Group as at 30 June 2002 is analysed as follows:

	At 30 June 2002 **(Audited)** *RMB'000*
Repayable within one year	5,578
Repayable after 1 year but within 2 years	2,385
Repayable after 2 years but within 5 years	7,155
Over 5 years	5,962
	21,080

As at 30 June 2002, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets was 9.9% (2001: NIL). The management believes that the gearing ratio is at acceptable level for the Group and the Group would be able to create sufficient financial resources to discharge its debt.

As at 30 June 2002 and 30 June 2001, the Group has had no charge on their assets nor any contingent liabilities.

Other than those disclosed in the Company's prospectus dated 31 January 2001 under the section headed "Business Objectives and Future Prospects", there has been no material change in the Group's future plan for material investments and acquisition of material capital assets as at 30 June 2002.

Significant Investment

In September 2001, the Group acquired an effective 18.52% interest in Tongling Huarui Electronic Materials Co. Ltd. ("Tongling"), a sino-foreign joint venture enterprise established in the PRC, as a long-term investment. Tongling is primarily engaged in the production and distribution of (i) epoxide woven glass fabric copper clad laminate (FR-4); and (ii) thin and rigid laminate used in multi-layer printed circuit board (PCB). As of 31 December 2001, Tongling reported a net asset value of approximately RMB64.51 million (as of 31 August 2001: approximately RMB61.68 million). As no dividend was declared by Tongling for its financial year ended 31 December 2001, no dividend income was received by the Company during the year under review in respect of the investment in Tongling.

Segmental information

As the property market in the PRC keeps improving, there is a rising demand in quality buildings for both commercial and residential sectors. For the year ended 30 June 2002, contribution of Building Automation System (BAS) segment to the Group's performance has become more significant. Despite the keen competition of BAS products and thinner profit margin at about 36%, the Group hopes to be benefit from the market potential and our capability to provide total solution to our clients. It is expected that the market trend will continue making BAS our major source of income this year.

For the industrial automation, market for traditional industries such as oil refining and steel refining has slowed down but profit margin remains high at about 54%. The Group is developing the automation market of emerging industries to enlarge the market base. Although turnover of this sector has declined in the year under review, the Group is currently still optimistic about the future of the sector especially in the infra-structure related area.

Employee information

For the years ended 30 June 2002, the Group has recorded staff costs of approximately RMB7,519,000 representing by 4% increase from approximately RMB7,224,000 for the corresponding period in 2001. The number of staff reduced from 100 employees (as of 30 June, 2001) to 80 employees (as of 30 June, 2002). The Group encourages slim organisation with high productivity and provides competitive remuneration packages to employees commensurable to market level in the business in which the Group operates and their qualifications. Incentive schemes composed of discretionary bonus and other merit payments to reward employees based on performance are also offered. The Group also provides mandatory provident fund, medical benefits and external training programs for all staff.

Product Development

Successful application of automation systems depends on the quality of firstly, the hardware of the system and secondly, the engineering staff. Engineers should have in-depth knowledge and understanding of the applying industry. Based on the technology level and practical situation of the user, the Group is expected to develop specialized controlling systems and software modules dedicated to the needs of the users. At present, the Group develops a specialized application which is capable of integrating its Tailored Control System (TCS) with self-adaptive fuzzy control software modules to meet certain specific industry. Currently, such special TCS controller for injectors is commercially ready for OEM manufacture. The R&D Department has further developed controllers for chillers, compressors and tube-bending machines. It is expected that they will be ready for testing in the next few months.

During the year, the Group has tested its experience of industrial automation to the building industry. It has conducted researches on systems for intelligent residential buildings and houses which will target at the North American and European market. The design of the system will include security control, entertainment and communication network. The Group will also be targeting the local market for the supply of tailor-make control systems for the residential estates and commercial office buildings by project basis.

The Shenzhen local government supports the development of technology companies. The Group has applied for a piece of land for the construction of an 8-storey building to house the R&D Centre for Automation Engineering Technology of Shenzhen (深圳市自動化工程技術研發中心). Official approval is expected to be available by the end of 2002. The Centre will be completed in 2004 and will provide the Group with better R&D environment. The site area for the Centre is approximately 8,100 sqm and total floor area is approximately 18,000sqm.

The Group has been elected to the executive council of Shenzhen Instrumentation Industry Association (深圳市儀器儀錶行業協會) and Guangdong Automation Academy (廣東省自動化學會). It has also been awarded with Shenzhen Computer Integration Quality Certificate (深圳市電腦集成資質證書), Shenzhen Security Control System Quality Certificate (深圳市安全防範系統資質証書) and Guangdong Security Technology Quality Certificate (廣東省技防資質証書) in recognition of the Group's achievement in technology.

The Group strongly believes that with the support of the R&D department, it can stay ahead in the market. In the coming year, the Group will invest in developing information and logistics systems in order to pave way for further expansion.

The way forward

Following the development of computer, communication and information technology, open system in industrial automation has become the norm of the industry. Our clients and even our competitors have accepted the concept of open platform system launched by the Group. The Group has outlined its medium to long-term business strategy in order to ensure its continuing development. The Group will also concentrate its business expansion to improve better cash flow and market share.

To further develop the application of the Group's proprietary TCS system in the manufacturing industries, a breakthrough in integration of the control system with the management system is necessary. Seamless systems integration will resolve the customers' application of resources planning. The Group believes that future development will be best guaranteed by raising users' efficiency and productivity.

In the coming year, to enlarge the Group's market share in the domestic market of the PRC, we will continue to concentrate our research and marketing in traditional industries as well as seek development in emerging industries. At present, the Group identifies the keys to customer satisfaction are advanced technology, better understanding of customer's needs, better services and proper training of engineers.

Currently, instrumentation and materials for control system and instruments are mostly imported. A few local manufacturers have started to cooperate with foreign brands for the production of materials as demand for materials exceeds supply. The Group has already started to extend its product line downstream to develop specialized control systems for application in specific industries. It has also planned to study the feasibility to develop upstream products such as instrumentations, sensors and electronic materials in order to raise its profit margin in hardware manufacturing.

The Group mapped out a series of development plan to capture a larger market share. It will however take a cautious approach in view of the international economic and local market conditions.

COMPETING INTEREST

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company has any interest in any business which competes with the Company or may compete with the business of the Group.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2002, according to the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance) or otherwise notified to the Company pursuant to the minimum standards of dealings by the Directors as referred to in Rule 5.4 to 5.59 of the GEM Listing Rules, the interests of Directors in the securities of the Company and its associates were as follows:

Name of director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Dr. SZE Kwan	–	–	168,000,000*	–	168,000,000

* These shares are held through Otto Link Technology Limited, which are beneficially owned as to 80% by Dr. Sze Kwan and 20% by Mr. Tung Fai, directors of the Company.

Saved as disclosed above, as at 30 June 2002, none of the Directors or their associates had any interests in the issued share capital of the Company or any of its associates (within the meaning of the SDI Ordinance).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES

Except for the employee Share Option Scheme of the Company, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

EMPLOYEE SHARE OPTION SCHEME

On 22 January 2001, the Company conditionally adopted the Share Option Scheme, the principal terms of which are set out in the Company's prospectus dated 31 January 2001.

As at 30 June 2002, no option was granted by the Company under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, save for the interests of the Directors disclosed above, according to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, the following shareholders (other than the Directors) were directly or indirectly interested in 10% or more of the Company's issued share capital:

Name	Number of Shares	Approximate Shareholding
Otto Link Technology Limited[1]	168,000,000	48.00%
Goldwiz Technology Limited	61,824,000	17.66%
Goldwiz Holdings Limited[2]	61,824,000	17.66%
Mr. Siu Ting	38,976,000	11.14%

Note:

1. Otto Link Technology Limited is beneficially owned as to 80% by Dr. Sze Kwan who is the chairman of the Company and 20% by Mr. Tung Fai who is also a Director.

2. Goldwiz Holdings Limited ("Goldwiz Holdings") is the holding company of Goldwiz Technology Limited ("Goldwiz") which holds 100% of the issued share capital of Goldwiz and is therefore deemed to be interested in the 61,824,000 Shares held by Goldwiz.

SPONSOR'S INTEREST

Pursuant to an agreement dated 16 July 2001, entered into between the Company and Celestial Capital Limited ("CASH") has been appointed as the Company's sponsor for the period from 16 July 2001 to 30 June 2003 in return for a monthly advisory fee.

None of the Company's sponsor, CASH, its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 June 2002.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's Shares on the GEM on 8 February 2001.

AUDIT COMMITTEE

The Company established an audit committee on 27 November 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Kuang Ding Bo, Mr. Wee Soon Chiang and Mr. Wong Kam Kau. The Group's audited results for the year ended 30 June 2002 have been reviewed by the audit committee, who were of the opinion that the preparation of such result complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures had been made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares during the year.

By Order of the Board
SZE Kwan
Chairman

Hong Kong, 16th September, 2002

This announcement will remain on GEM Website at www.hkgem. com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of Techwayson Holdings Limited at www.techwayson.com.hk.

* *For identification purpose only*