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

*(incorporated in the Cayman Islands with limited liability)*

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING  
ON THE GROWTH ENTERPRISE MARKET OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED,  
PROPOSED WAIVER TO REDUCE THE NOTICE PERIOD OF  
VOLUNTARY WITHDRAWAL UNDER RULE 9.19(3),  
PROPOSED TERMINATION OF THE  
EXISTING SHARE OPTION SCHEME,  
PROPOSED ADOPTION OF THE  
NEW SHARE OPTION SCHEME  
AND NEW ARTICLES OF ASSOCIATION  
IN SUBSTITUTION OF THE EXISTING  
ARTICLES OF ASSOCIATION  
AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

The Company is proposing to list the Shares on the Main Board by way of introduction. Immediately prior to the listing of the Shares on the Main Board, the listing of the Shares on GEM will be withdrawn. In connection with the Introduction, the Company proposes to terminate the Existing Share Option Scheme, to adopt the New Share Option Scheme, to adopt the New Articles of Association in substitution for the Existing Articles of Association and to obtain general mandates to issue and repurchase Shares. The Company has also applied to the Stock Exchange for, and the GEM Listing Committee of the Stock Exchange has granted, a conditional waiver to reduce the notice period of the Proposed Withdrawal from three months as required under Rule 9.19(3) of the GEM Listing Rules to five clear Business Days. A circular relating to the Extraordinary General Meeting will be despatched to the Shareholders on or about 27 December 2002. A listing document in connection with the Introduction will also be issued and despatched to the Shareholders on or about 30 December 2002.

**Warning:**

**There is no assurance that permission will be obtained from the Stock Exchange for the Introduction. Shareholders and potential investors should be aware that the implementation of the Proposed Withdrawal is subject to conditions set out below being fulfilled and thus may or may not become effective. Accordingly, the Proposed Withdrawal and the Introduction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

On 18 September 2002, the Company announced that it submitted an advance booking form of an application to the Stock Exchange for the proposed listing of the Shares on the Main Board by way of Introduction and informed the Stock Exchange of its intention to voluntarily withdraw the listing of the Shares on GEM.

In connection with the Introduction and Proposed Withdrawal, the Board proposes to seek the approval of the Shareholders for, amongst other things the Proposed Withdrawal, the proposed reduction of the notice period for the Proposed Withdrawal, the proposed termination of the Existing Share Option Scheme, the proposed adoption of the New Share Option Scheme, the proposed adoption of the New Articles of Association in substitution for the Existing Articles of Association and the granting of new general mandates to issue and repurchase Shares. A circular relating to the Extraordinary General Meeting will be despatched to the Shareholders on or about 27 December 2002. A listing document in connection with the Introduction will also be issued and despatched to the Shareholders on or about 30 December 2002.

## **THE PROPOSED WITHDRAWAL AND THE INTRODUCTION**

Immediately prior to the listing of the Shares on the Main Board, the listing of the Shares on GEM will be withdrawn.

Under the GEM Listing Rules, an issuer that has an alternative listing on another stock exchange or securities market recognised for this purpose by the Stock Exchange may not voluntarily withdraw its listing on GEM unless:

- (i) the prior approval of the shareholders of the issuer has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer; and
- (ii) the issuer has given its shareholders at least three months' notice of the proposed withdrawal of listing.

In connection with the Proposed Withdrawal, the Company has applied to the Stock Exchange for, and the GEM Listing Committee of the Stock Exchange has granted, a waiver for the minimum three months' notice required under the GEM Listing Rules, subject to the fulfillment of the following conditions:

- (i) the notice period for the Proposed Withdrawal shall be a minimum of five clear Business Days after the approval of the Shareholders for the Proposed Withdrawal shall have been obtained;
- (ii) the prior approval of the Shareholders for the reduction of notice period for the Proposed Withdrawal to a minimum of five clear Business Days shall have been obtained;
- (iii) in respect of the Shares, there is no change in the board lot size or share certificates, the share registrar and the trading currency in connection with the proposal to transfer its listing status; and

- (iv) there is no other fact that leads the Stock Exchange to believe that the reduced notice period is not feasible.

The Directors consider that it is in the best interest of the Shareholders as a whole that such notice period be reduced so that the Proposed Withdrawal and the Introduction can be carried out as soon as practicable after obtaining relevant approvals from the Shareholders to minimise market uncertainties (if any).

Accordingly, the Extraordinary General Meeting is convened to seek approval of the Shareholders for, amongst other things, the Proposed Withdrawal and the reduction of the notice period for the Proposed Withdrawal and after such approval shall have been obtained, a notice of the Proposed Withdrawal will be published.

The Proposed Withdrawal and the Introduction are conditional upon, amongst other things:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of any options which were granted under the Existing Share Option Scheme and which may be granted under the New Share Option Scheme on the Main Board;
- (ii) the GEM Listing Committee granting a waiver for the reduction of the notice period for the Proposed Withdrawal;
- (iii) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting to approve the Proposed Withdrawal and the reduction of the notice period for the Proposed Withdrawal; and
- (iv) the publication of a notice of the Proposed Withdrawal after the approval of the Shareholders for the Proposed Withdrawal shall have been obtained at the Extraordinary General Meeting which notice period shall not be less than five clear Business Days before the Effective Date.

The GEM Listing Committee has, on 18 December 2002, granted a conditional waiver for the reduction of the notice period for the Proposed Withdrawal.

## **EFFECTS OF THE PROPOSED WITHDRAWAL**

It is expected that dealings in the Shares on GEM will cease at 9:30 a.m. on the Effective Date and dealings in the Shares on the Main Board will commence at 9:30 a.m. on the Effective Date. The Company will make further announcement after the Extraordinary General Meeting to publish the results of the Extraordinary General Meeting and the information relating to the Proposed Withdrawal and the trading arrangement of the Shares in respect of the Proposed Withdrawal and the Introduction.

The Proposed Withdrawal and the Introduction will not have any effect on the existing share certificates, which will continue to be good evidence of legal title, and will not involve any transfer or exchange of the existing share certificates. No change is proposed to be made to the board lot size of 4,000 Shares, trading currency of the Shares and the share registrars of the Company in connection with the Proposed Withdrawal and the Introduction. If and when the Shares are listed on the Main Board, investors may be required to sign a new client agreement with their stockbrokers.

The continuing obligations of listed issuers under the Listing Rules and the GEM Listing Rules are not the same. For example, the principal means of information dissemination by listed issuers on GEM is via the publication on the internet website operated by the Stock Exchange whereas the principal means of information dissemination for Main Board's listed issuers is through newspapers. In addition, the Main Board's listed issuers are not required to publish quarterly reports. It is the Directors' current intention to continue to issue the quarterly results following the Introduction.

## **REASONS FOR THE PROPOSED WITHDRAWAL**

The Group has experienced considerable growth since the listing of the Shares on GEM in February 2001. The actual use of the proceeds raised from the listing of the Shares on GEM in February 2001 and the business progress of the Group followed the relevant description in the Prospectus in all material respects. The Company has grown substantially and has generated sufficient profits to fulfill the Main Board's profit requirements. Furthermore, the Company has targeted to improve its shareholder base, liquidity of Shares and recognitions by attracting larger institutional and retail investors. The Introduction will not affect the existing underlying business objectives and strategies of the Group. The Company will continue with its business operations and will continue to actively explore and identify suitable investment opportunities in the PRC and overseas market.

In view of the above circumstances, the Directors consider that a Main Board listing may better reflect the profile of the Group and is expected to be beneficial to the future development of the Group. Accordingly, it is proposed that the listing of the Shares on GEM be withdrawn immediately prior to the listing of the Shares on the Main Board.

## **EXPECTED TIMETABLE**

The expected timetable for the Proposed Withdrawal and the Introduction is set out below:

- Despatch of Circular, notice of the Extraordinary General Meeting  
and forms of proxy for the Extraordinary General Meeting  
to the Shareholders ..... Friday, 27 December 2002
- Despatch of the listing document in relation to the Introduction ..... Monday, 30 December 2002
- Latest time for lodgement of forms of proxy  
for the Extraordinary General Meeting ..... 11:00 a.m. on Saturday, 18 January 2003

Extraordinary General Meeting ..... 11:00 a.m. on Monday, 20 January 2003

Notice of the Proposed Withdrawal and  
announcement of result of the Extraordinary General Meeting  
to be published in the South China Morning Post,  
the Hong Kong Economic Times and on the GEM website ..... Tuesday, 21 January 2003

Last day of dealings in the Shares on GEM ..... Tuesday, 28 January 2003

Withdrawal of listing from GEM  
effective from ..... 9:30 a.m. on Wednesday, 29 January 2003

First day of dealings in the Shares  
on the Main Board ..... 9:30 a.m. on Wednesday, 29 January 2003

## **NEW SHARE OPTION SCHEME**

In connection with the Introduction, the Board proposes to seek the approval of the Shareholders for the New Share Option Scheme, the provisions of which will comply with the requirements of the Listing Rules. The Existing Share Option Scheme will be terminated and replaced by the New Share Option Scheme when the New Share Option Scheme shall have been approved and adopted by the Shareholders in the Extraordinary General Meeting and shall have become unconditional.

The Existing Share Option Scheme provides that no further options will be offered upon the termination thereof. However, options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted before such termination and remain unexpired shall continue to be exercisable in accordance with their terms of issue within one month after such termination. As at the date hereof, no option has been granted under the Existing Share Option Scheme. The Directors confirmed that the Company has no present intention to grant any option under the Existing Share Option Scheme on or before its proposed termination.

Since the period in which the Shares are traded on GEM, which commenced in February 2001, is not long enough to derive any meaningful financial estimates upon which the value of options would be determined, the Directors consider that currently it is not feasible to state the value of all the options which may be granted under the New Share Option Scheme.

### **Conditions of the New Share Option Scheme**

The adoption of the New Share Option Scheme will be conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of any options which were granted under the Existing Share Option Scheme and which may be granted under the New Share Option Scheme on the Main Board; and

- (ii) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and to authorise the Board to grant options under the New Share Option Scheme and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of such options.

## **NEW ARTICLES OF ASSOCIATION**

In connection with the Introduction and to make other immaterial changes in the Existing Articles of Association, the Board proposes to seek the approval of the Shareholders for the adoption of the New Articles of Association at the Extraordinary General Meeting, the provisions of which will comply with the requirements of the Listing Rules. The provisions of the New Articles of Association are in all material respects identical to the Existing Articles of Association. The differences between the New Articles of Association and the Existing Articles of Association include, inter alia, the inclusion of new provisions in relation to sending of summary financial report in place of complete annual accounts and directors' report and the sending of corporate communications to Shareholders by electronic means and in either English or Chinese. A more detailed comparison will be set out in Appendix II to the circular relating to the Extraordinary General Meeting. The Existing Articles of Association will be substituted by the New Articles of Association when the New Articles of Association shall have been approved and adopted by the Shareholders at the Extraordinary General Meeting and the resolution approving the New Articles of Association become unconditional upon listing of the Shares on the Main Board.

### **Conditions of the New Articles of Association**

The adoption of the New Articles of Association will be conditional upon:

- (i) the listing of the Shares on the Main Board; and
- (ii) the passing of a special resolution by the Shareholders at the Extraordinary General Meeting to approve and adopt the New Articles of Association in substitution of the Existing Articles of Association.

## **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

As the existing general mandates granted to the Directors make specific reference to GEM, in order to cater for the Proposed Withdrawal and the Introduction, the Board proposes to seek the approval of the Shareholders to (i) revoke the existing general mandates granted to the Directors to allot, issue and deal with the Shares, to repurchase the Shares and to allot, issue and deal with the additional Shares repurchased by the Company at the annual general meeting of the Company held on 25 October 2002; and (ii) give the Directors new general and unconditional mandates to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution, to repurchase Shares not exceeding 10% of the issued share capital of the Company at the date of the resolution, and to extend the general mandate to issue Shares by adding

to it the nominal amount of any Shares repurchased by the Company under the general mandate to repurchase Shares. For details in relation to the reasons for the repurchase and exercise of the existing repurchase mandate, please refer to the explanatory statement at Appendix III to the Circular relating to the Extraordinary General Meeting.

The revocation of the existing general mandates and the granting of the new general mandates to issue and repurchase Shares will be conditional upon the listing of the Shares on the Main Board.

The Directors confirmed that they have not exercised any of the existing general mandates and have no intention to exercise the same prior to the proposed listing of Shares on the Main Board.

## **FINANCIAL INFORMATION**

### **Indebtedness**

#### *Borrowings*

As at the close of business on 31 October 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this announcement, the Group had loan payable of approximately RMB18,695,000 comprising interest-bearing and non-interest bearing loan of RMB16,695,000 and RMB2,000,000 respectively.

#### *Disclaimer*

Apart from loan payable and normal trade payables, the Group did not have outstanding at the close of business on 31 October 2002 any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

Apart from the utilisation of trust receipt facilities of RMB8.3 million subsequent to 31 October 2002, the Directors have confirmed that there have not been any material changes in the indebtedness and contingent liability of the Group since 31 October 2002.

#### *Disclosure under Rules 17.15 to 17.21 of the GEM Listing Rules and Practice Note 19 of the Listing Rules*

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules and Practice Note 19 of the Listing Rules.

## **Liquidity, financial resources and capital structure**

### *Net current assets*

As at 31 October 2002, the Group's total current assets were approximately RMB68.5 million, comprising inventories of approximately RMB8.3 million, trade receivables of approximately RMB13.4 million, prepayments, deposits and other current receivables of approximately RMB42.8 million and cash and bank deposits of approximately RMB4.0 million. The changes in total current asset, as compared with the Group's total current assets as at 30 June 2002, comprise: (i) the increase of the inventories due to the purchase of raw material for an industrial automation system project to be delivered in November 2002, which, the Directors confirmed, has been delivered subsequently; (ii) the increase in prepayment, deposits and other current receivables due to the purchase of raw material for an industrial automation system to be delivered in December 2002, which, the Directors confirmed, will be delivered by end of December 2002; (iii) the decrease of cash and bank deposit due to the cash utilisation in the purchase of raw material for an industrial automation system research project and payment of RMB56 million for building construction; and (iv) the decrease of trade receivables due to the decrease of sales during the period.

As at 31 October 2002, the Group's total current liabilities were approximately RMB33.2 million, comprising trade payables of approximately RMB13.9 million, accrued liabilities of approximately RMB11.9 million, current portion of loan payable of approximately RMB4.5 million and taxation payable of approximately RMB2.9 million.

### *Financial resources*

In the past, the Group financed its operations by means of equity funding, loans from shareholders and Directors, loans payable and funds generated from its business operations. As at 31 October 2002, apart from loans payable and normal trade payables, the Group did not have any other borrowings which would require cash outlay for settlement.

The Directors intend to finance the Group's future operations and capital expenditure principally through internally generated cashflows supplemented by bank financing or the raising of funds in international capital and debt markets, or through a combination of these methods, whichever the Directors may consider appropriate in the circumstances.

As at 31 October 2002, the Group had been granted two banking facilities amounting to HK\$10,000,000 and US\$1,500,000 with the effective date on 26 September 2002 and 21 October 2002 respectively, which were secured by fixed deposits of 30 per cent. on the facilities amount and corporate guarantees.



## Commitments and contingent liabilities

As at 31 October 2002, the Group had operating lease commitments of approximately RMB3,623,000. As at the same date, the Group had contracted for approximately RMB62.3 million in capital commitment, which amount has not been provided for in the financial statements. The commitment included RMB2.8 million of software development cost contracted in July 2002 and RMB59.5 million which had been included in capital commitment of RMB115.5 million as at 30 June 2002. The commitment amount of RMB115.5 million as at 30 June 2002 comprised amounts of RMB112 million and RMB3.5 million for construction and design of a building respectively, and out of which RMB56 million was settled in July 2002. The property is expected to be used for general administrative, research and development and manufacturing purposes. The contracted party is unrelated to the Group. The construction is in progress and payments will be made by reference to the stage of completion and will be financed by internal resources of the Group.

As at 31 October 2002, the Group had no contingent liabilities.

## ADJUSTED NET TANGIBLE ASSETS

The following pro forma statement of adjusted net tangible assets of the Group is based on the audited combined net tangible and intangible assets of the Group as at 30 June 2002, adjusted as described below:

|   | <i>RMB'000</i>        |
|---|-----------------------|
| Audited combined net assets of the Group<br>as at 30 June 2002  | 172,229               |
| Less: Intangible asset – software development cost  | (23,691)              |
| Deficits arising from revaluation of land included<br>in property under development ( <i>Note 2</i> ) | (1,648)               |
| The Group's unaudited profit for the four-months ended<br>31 October 2002 ( <i>Note 3</i> )           | 1,520                 |
| Add: unaudited amortisation of software development cost<br>for the four-month ended 31 October 2002  | 1,649                 |
| Adjusted net tangible assets  | <u>150,059</u>        |
| Adjusted net tangible asset value per Share ( <i>Note 1</i> )   | <u>RMB42.87 cents</u> |

*Notes:*

1. The adjusted net tangible asset value per Share is arrived at after the adjustments referred to in this section and on the basis of 350,000,000 Shares in issue but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Existing Share Option Scheme, the New Share Option Scheme or which may be allotted and issued or purchased by the Company pursuant to the general mandates for the allotment and issue or purchase of Shares.
2. Pursuant to the revaluation of the Group's properties (see Appendix II to the listing document of the Company in relation to the Introduction to be dated on or about 30 December 2002), revaluation deficits of approximately RMB1,648,000, representing the land cost included in property under development as at 30 June 2002, arose. Such a revaluation deficits will not be recorded in the Group's financial statements as the Group accounts for properties at cost less accumulated depreciation and impairment. The deficits arose due to the Valuation Report will not attribute any commercial value to the property because the transferability of the property, the realty title certificate of which is in the process of application, is unknown. The property will still incur an annual depreciation of approximately RMB34,000 from the year in which the land is put in use.
3. For the four months ended 31 October 2002, the Group recorded a profit of approximately RMB1.5 million, representing a 50% decrease as compared to the first quarterly results ended 30 September 2002. The decrease in profit was due to the seasonal effect on revenue in the month of October.

#### **USE OF PROCEEDS FROM THE PLACEMENT OF SHARES IN FEBRUARY 2001**

The Company raised approximately HK\$41.75 million of net proceeds through the placement of 70 million Shares at HK\$0.78 per Share in February 2001. Set out below is the intended use of proceeds as stated in the annual reports of the Company for the years ended 30 June 2001 and 2002:

- approximately HK\$19 million for the research and development of new control system technologies up to 31 December 2001;
- approximately HK\$7 million for cooperation and investment projects with large-scale customers in the PRC which fit into the Group's business strategy up to 30 June 2001;
- approximately HK\$7 million for marketing and promotional activities up to 30 June 2001;
- approximately HK\$6 million for the geographical expansion of the Group up to 31 December 2001;
- approximately HK\$2 million for establishing a training centre for the Group's customers up to 30 June 2001; and
- approximately HK\$1 million for developing e-automation.com.cn website up to 30 June 2001.

The Directors confirmed that the use of proceeds are in line with the overall business objectives and implementation plans as stated in the Prospectus. The Group's actual use of proceeds for the period since its listing in February 2001 and up to 30 June 2002 was as follows:

- approximately HK\$19 million for the research and development of new control system technologies;

- approximately HK\$15 million for cooperation and investment projects with large-scale customers in the PRC which fit into the Group's business strategy;
- approximately HK\$2 million for marketing and promotional activities;
- approximately HK\$1 million for the geographical expansion of the Group; and
- approximately HK\$400,000 for establishing a training centre for the Group's customers.

The Group will use the remaining unutilised net proceeds of approximately HK\$3.75 million in accordance with its plans as set out in the Prospectus. The unutilised net proceed is caused by reallocation of source of fund between the proceeds and the internal sources of funding in financing business plan. Due to the larger than expected scale of the cooperation and investment project in the PRC, the Group invested more than planned HK\$7 million for cooperation and investment projects in industrial automation system, especially in copper clad laminate industry. The investment would enable the Company to achieve its technology advancement in the design, development and quality of its products. The Directors expect that there will be a positive contribution to the future earnings of the Group from the financial year 2003.

#### **EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting is convened to be held at Room 1810, 18/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Monday, 20 January 2003 at 11:00 a.m. or any adjournment thereof at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the following:

- (i) the Proposed Withdrawal and the reduction of the notice period for the Proposed Withdrawal;
- (ii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and
- (iii) the general mandates in relation to the issue and repurchase of the Shares.

At the Extraordinary General Meeting, a special resolution will also be proposed to consider and, if thought fit, to approve the New Articles of Association in substitution of the Existing Articles of Association.

#### **RECOMMENDATION**

The Board recommends the Shareholders to vote in favour of the ordinary resolutions to approve, amongst other things, the Proposed Withdrawal and the reduction of the notice period for the Proposed Withdrawal, the termination of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and the granting of the general mandates to issue and repurchase Shares and the special resolution to approve the New Articles of Association in substitution of the Existing Articles of Association to be proposed at the Extraordinary General Meeting. Otto Link and Dr.

Sze, being the controlling Shareholders (as defined in the GEM Listing Rules) holding or being deemed to hold approximately 46.2% of the existing issued share capital of the Company, have undertaken to the Company that they will vote in favour of all the ordinary resolutions and the special resolution to be proposed at the Extraordinary General Meeting.

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

|                                    |   |
|------------------------------------|---|
| “Board”                            | the board of Directors  |
| “Business Day(s)”                  | any day(s) on which the Stock Exchange is open for the business of dealings in securities   |
| “CAF Securities”                   | CAF Securities Company Limited  |
| “Circular”                         | Circular of the Company to be dated 27 December 2002  |
| “Company”                          | Techwayson Holdings Limited, an exempted company incorporated in the Cayman Islands on 1 September 2000 with limited liability, the Shares of which are listed on GEM                               |
| “Director(s)”                      | the director(s) of the Company  |
| “Dr. Sze”                          | Dr. Sze Kwan, Chairman of the Company   |
| “Effective Date”                   | on or about 29 January 2003, the day on which the Proposed Withdrawal becomes effective   |
| “Existing Articles of Association” | the articles of association adopted by the Company on 22 January 2001   |
| “Existing Share Option Scheme”     | the share option scheme for employees and directors of the Group conditionally adopted by the Company on 22 January 2001  |
| “Extraordinary General Meeting”    | an extraordinary general meeting of the Company to be held Room 1810, 18/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Monday, 20 January 2003 at 11:00 a.m. or any adjournment thereof |
| “GEM”                              | the Growth Enterprise Market of the Stock Exchange  |

|                               |   |
|-------------------------------|---|
| “GEM Listing Committee”       | the listing sub-committee of the board of directors of the Stock Exchange responsible for GEM listing matters   |
| “GEM Listing Rules”           | the Rules Governing the Listing of Securities on GEM  |
| “Group”                       | the Company and its subsidiaries  |
| “Introduction”                | the proposed listing of the Shares on the Main Board by way of an introduction pursuant to the Listing Rules  |
| “JS Cresvale”                 | JS Cresvale Securities International Limited  |
| “Listing Committee”           | the listing sub-committee of the directors of the Stock Exchange responsible for Main Board listing matters   |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Main Board”                  | the securities market operated by the Stock Exchange prior to the establishment of GEM and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM  |
| “Otto Link”                   | Otto Link Technology Limited, a company incorporated in the BVI on 17 March 2000 and beneficially owned as to 80 per cent. by Dr. Sze and as to the remaining 20 per cent. by Mr. Tung Fai who is a director of the Company. For the purpose of the GEM Listing Rules, it is one of the substantial shareholders and a controlling shareholder of the Company |
| “New Articles of Association” | the articles of association proposed to be adopted at the Extraordinary General Meeting   |
| “New Share Option Scheme”     | the share option scheme proposed to be adopted at the Extraordinary General Meeting   |
| “PRC”                         | the People’s Republic of China which, for the purposes of this document and for geographical reference only (unless otherwise stated), does not include Hong Kong, Macau and Taiwan   |
| “Proposed Withdrawal”         | the proposed voluntary withdrawal of listing of the Shares on GEM   |

|                    |   |
|--------------------|---|
| “Prospectus”       | the prospectus of the Company dated 31 January 2001 in connection with the listing of the Shares on GEM by way of placing                                 |
| “Share(s)”         | ordinary share(s) of HK\$0.10 each in the share capital of the Company  |
| “Shareholder(s)”   | registered holder(s) of Shares  |
| “Sponsors”         | JS Cresvale and CAF Securities, being the sponsor and co-sponsor of the Introduction respectively   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “Valuation Report” | valuation report contained in Appendix II to the listing document of the Company in relation to the Introduction to be dated on or about 30 December 2002 |

By order of the Board  
**Sze Kwan**  
*Chairman*

Hong Kong, 24 December 2002

*This announcement, for which the directors of the Company 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 the Company. 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.*

*This announcement will remain on the GEM website at “www.hkgem.com” on the “Latest Company Announcements” page for at least seven days from the day of its posting, and on the website of Techwayson Holdings Limited at www.techwayson.com.hk*

\* *For identification purpose only*