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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2330)

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2005

The Directors of Techwayson Holdings Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2005 together with the comparative figures for the year ended 30 June 2004 are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2005** *RMB'000*	2004 *RMB'000*
Turnover	*4*	**187,965**	359,172
Materials and equipment		**(158,931)**	(310,139)
		29,034	49,033
Other revenue	*4*	**1,265**	806
Staff costs		**(8,489)**	(9,532)
Depreciation and amortisation		**(7,965)**	(10,822)
Other operating expenses		**(18,212)**	(11,657)
(Loss)/profit from operations		**(4,367)**	17,828
Impairment loss on investment securities		**(3,700)**	–
Finance costs	*5*	**(7,940)**	(3,024)
(Loss)/profit before taxation	*6*	**(16,007)**	14,804
Taxation	*8*	**(3,098)**	(3,883)
(Loss)/profit attributable to shareholders		**(19,105)**	10,921
(Loss)/earnings per share			
– Basic	*9*	**(RMB5.5 cents)**	RMB3.12 cents

Notes:

1. **BACKGROUND OF THE COMPANY**

The Company was incorporated in the Cayman Islands on 1st September 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Its shares had been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and the Group are investment holding, design, supply and integration of automation and control systems.

2. **IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

In 2004, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the "new HKFRSs", which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30 June 2005. HKFRS 3 "Business Combinations" applied to the accounting for business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combinations during the year nor the Group early adopted HKFRS 3 and accordingly, this HKFRS has no impact on the financial statements.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these HKFRSs would have a significant impact on its results of operations and financial position.

3. **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Statements of Standard Accounting Practice issued by HKICPA, accounting principles generally accepted in Hong Kong, and the disclosure requirement of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements have been prepared under the historical cost convention.

4. **TURNOVER AND REVENUE**

Turnover and revenue consist of:

	2005	2004
	RMB'000	*RMB'000*
Income from*		
– Sales of automation products	**185,670**	354,573
– Fees for project and technical services	**2,295**	4,599
Total turnover	**187,965**	359,172
Other revenue		
– Government grant	**–**	307
– Sundry income	**31**	357
– Bank interest income	**530**	142
– Unrealised gain on trust fund investments	**704**	–
	1,265	806
Total revenue	**189,230**	359,978

* *The Group's income excludes Mainland China value-added tax.*

Approximately 76% (2004: 79%) of the Group's turnover was made to top five customers for the year ended 30 June 2005.

5. FINANCE COSTS

	2005	2004
	RMB'000	*RMB'000*
Interest on bank borrowings and overdraft wholly repayable within 5 years	**7,532**	2,687
Interest on bank and other borrowings wholly repayable after 5 years	**408**	337
	7,940	3,024

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is stated after charging the following:

	2005	2004
	RMB'000	*RMB'000*
Staff costs (including directors' emoluments)	**8,093**	8,988
Contributions to defined contribution plan	**396**	544
Less: Amount included in research and development expenditures	**(1,037)**	(807)
	7,452	8,725
Operating lease rentals of premises	**1,054**	2,357
Research and development expenditures	**1,794**	1,234
Advertising and promotion costs	**64**	190
Depreciation of property, plant and equipment	**1,365**	1,276
Amortisation of software development costs	**6,600**	9,546
Less: Amount included in research and development expenditures	**(183)**	(317)
	7,782	10,505
Loss on disposal of property, plant and equipment	**378**	335
Bad debts	**557**	–
Impairment loss on software development costs	**2,600**	–
Impairment loss on investment securities	**3,700**	–
Provision for doubtful debts	**3,006**	–
Auditors' remuneration	**320**	360
Provision for obsolete and slow moving inventories	**1,210**	–

7. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business Segments

Segment information about these businesses for the year is presented below:

	Automation products *RMB'000*	Project and technical services *RMB'000*	Consolidated *RMB'000*
For the year ended 30 June 2005			
Revenue	**185,670**	**2,295**	**187,965**
Segment results	**29,244**	**(12,413)**	**16,831**
Sundry income			**1,262**
Unallocated expenses			**(22,460)**
Loss from operations			**(4,367)**
Impairment loss on investment securities			**(3,700)**
Finance costs			**(7,940)**
Loss before taxation			**(16,007)**
Taxation			**(3,098)**
Loss after taxation			**(19,105)**
Other Information			
Amortisation of software development costs	**–**	**6,600**	**–**

	Automation products *RMB'000*	Project and technical services *RMB'000*	Consolidated *RMB'000*
For the year ended 30 June 2004			
Revenue	354,573	4,599	359,172
Segment results	37,079	1,144	38,223
Sundry income			499
Unallocated expenses			(20,894)
Profit from operations			17,828
Finance costs			(3,024)
Profit before taxation			14,804
Taxation			(3,883)
Profit after taxation			10,921
Other Information			
Amortisation of software development costs	–	9,546	9,546

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	2005	2004
	RMB'000	*RMB'000*
Revenue from external customers		
PRC (including Hong Kong and Macau)	**186,393**	133,414
Malaysia	**1,572**	65,641
Korea	**–**	160,117
	187,965	359,172

All segment assets and capital expenditures are in the PRC (including Hong Kong).

8. TAXATION

Taxation consists of:

	2005	2004
	RMB'000	*RMB'000*
Current taxation		
– PRC enterprise income tax	**–**	738
– Hong Kong profits tax	**3,098**	3,145
	3,098	3,883

(a) *Overseas income tax*

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2020. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income taxes.

(b) *Hong Kong profits tax*

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits earned by a subsidiary operated in Hong Kong for the year.

(c) *PRC enterprise income tax*

Taxation arising in the PRC is calculated at the rates prevailing in the PRC.

Techwayson Industrial Limited, being a High-Tech enterprise and a wholly-owned subsidiary of the Company established and operated in a special economic zone of the PRC, is normally subject to the PRC enterprise income tax at a rate of 15%. However, it is exempted from PRC enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction in the tax rate for the next six years.

The tax exemption period expired on 31 December 2000 and thereafter, Techwayson Industrial Limited is subject to the PRC enterprise income tax at 7.5% for 3 years until 31 December 2003 and another 3 years until 31 December 2006 provided it continues to qualify as a High-Tech enterprise.

There was no significant unprovided deferred taxation for the year ended 30 June 2005 (2004: Nil).

9. **(LOSS)/EARNINGS PER SHARE**

The calculation of basic loss per share for the year ended 30 June 2005 is based on the consolidated loss attributable to shareholders of RMB19,105,000 (2004: earnings of RMB10,921,000) and the weighted average number of 350,000,000 shares (2004: 350,000,000 shares) in issue during the year.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares in issue during the year ended 30 June 2005 (2004: Nil).

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 June 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As at 30 June 2005, the Group's audited loss attributable to shareholders amounted to approximately RMB19,105,000. The loss was mainly due to the slowdown in growth of the State's basic infrastructure projects as a result of the impact of the macroeconomic control measures initiated by the mainland government and the large-scale projects jointly developed by the Group with several multi-national corporations did not achieve the expected results. Meanwhile, in order to maintain a sustainable operation and the requirement for development, the Group increased its investment in TCS product series, such as extending the PLC (Programmable Logic Controllers) system.

In the year under review, the Group largely increased its investments in TCS-V80, one kinds of small type PLC series products. The product lines of such products were extended and the application were expanded to areas like buildings automation, packaging machinery, ceramics machinery, woodwork equipment, printing facilities, food processing, printed circuit board special equipment, elevators, animal farming, paper making and mining equipment. Most of these sectors were industries with great potentials in the Pearl River Delta Region. As the only domestic branded manufacturer in the Southern China, the Group has allowed enormous room for improvement in the future through recent development and partnerships.

Outlook

The Group will leverage on its strong R & D team and increasing investment in our existing R & D platform to widen the applications of our TCS series products, and through the use of the state-of-the-art technological services to improve the quality of our brands. Following the expansion in applications of the TCS series and recognition of our brand, the management believes that the TCS system will generate considerable returns for the Group. Moreover, the increase in the room for upgrading the technological level of the Group is expected to bring about interests in the long term.

On international partnership, the Group has carried out an in-depth review with each of our business partners, and has developed new measures especially devised for the policies environment in China, in view of the problems last year. It is expected turnover from this business segment will increase significantly in the next financial year as compared to that in this year.

Financial review

Exposure to fluctuations in exchange rates

All of the Group's borrowings are denominated either in Hong Kong dollars or Renminbi while the turnover of the Group are denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rates of United States dollars and Renminbi against Hong Kong dollars were relatively stable during the year under review, the Group's exposure to fluctuations in exchange rates is considered minimal and no financial instruments have been used for hedging purposes.

Liquidity and financial resources
The borrowing maturity profiles of the Group as at 30 June 2005 is analysed as follows:

	As at 30 June 2005 (audited) *RMB'000*
Repayable within one year	**101,811**
Repayable after 1 year but within 2 years	**2,385**
Repayable after 2 years but within 5 years	**4,770**
	108,966

As at 30 June 2005, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets was 32.9% (2004: 12.9%). The management believes that the gearing ratio is at an acceptable level for the Group and the Group would be able to generate sufficient financial resources to discharge its debt.

As at 30 June 2005, certain subsidiaries have been granted banking facilities against a corporate guarantee issued by the Company, the Company has contingent liabilities amounting to RMB144,840,000, (2004: RMB88,873,000), in respect of banking facilities granted to and utilised by these subsidiaries. Meanwhile, the Group has a contingent liability in respect of warranty responsible for its customers with sales amount approximately RMB196 million (2004: Nil).

As at 30 June 2005, no time deposits have been pledged to banks under lien to secure banking facilities granted to the Group (2004: RMB6,872,000).

As at 30 June 2005, the Group had trust fund investments of RMB150 million (2004: Nil) which have been placed with an independent trust investment company. The trust investment company guaranteed the annual rate of return on such investment at 4%.

Other than those disclosed in the Company's prospectus and listing documents dated 31 January 2001 and 30 December 2002 respectively under the section headed "Business Objectives and Future Prospects" and "Future Plans and Prospects" respectively, 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 2005.

Investment in securities
In September 2001, the Group acquired an effective 18.52% interest in Tongling Huarui Electronic Materials Co. Ltd. (renamed as Goldwiz Huarui (Tongling) Electronic Material Co. Ltd) ("Tongling"), a sino-foreign equity joint venture enterprise established in the PRC, as a long-term investment. In March 2005, Tongling was transformed into a wholly foreign-owned enterprise established in the PRC. Tongling is primarily engaged in the production and distribution of epoxide woven glass fabric copper clad laminate (FR-4) as well as thin and rigid laminate used in multi-layer printed circuit board. As at 31 December 2004, Tongling reported an unaudited net tangible asset value of approximately RMB122.72 million (as at 31 December 2003: approximately RMB117.06 million). As no dividend was declared by Tongling for its financial year ended 31 December 2004, no dividend income was received by the Company during the year under review in respect of the investment in Tongling.

Property under development
The construction works for the Group's R & D Centre have already commenced in December 2003. Due to heavy rain storms during the construction period of this financial year, the completion date of such property will be delayed to the first quarter of 2006. Upon completion, the property will comprise 7 floors with total area of approximately 14,000 square meters. Part of the property will be held for leasing purpose while the other part of it will be retained for the use by the Company. Based on the existing expanding property leasing market, the current average monthly rental is RMB70.00 per sq.m. in Nanshan District Shenzhen, the PRC. Therefore, management of the Group is optimistic about the future prospect of the property.

Segmental Information
The segment of automation products has recorded a decrease in turnover of 47.6% when compared to the corresponding period in 2003/2004. Such amount has decreased as the development time of its own TCS products has experienced some delay. With the sales channel and the cooperative channel become more mature, management believes the result of this segment would improve in the later half of 2005.

Turnover from project and technical services nature was only RMB2,295,000. This was due to the long duration to develop such business and the delay of existing projects in the year.

Employee information
For the year ended 30 June 2005, the Group has recorded staff costs of RMB8,489,000 represented 10.94% decrease from RMB9,532,000 for the corresponding period in 2003/2004. The number of staff, nevertheless, decreased from 102 employees (as at 30 June 2004) to 70 employees (as at 30 June 2005). Decrease in personnel as the Group aimed to improve efficiency by simplifying the Group structure. The Group encourages high productivity and provides competitive remuneration packages to employees commensurable to their qualification and the market level in the business in which the Group operates. Incentive schemes comprised of discretionary bonus and other merit payments to reward employees based on performance are also offered. The Group also provides contribution to mandatory provident fund and medical benefits for its staff in Hong Kong and similar benefits for its staff in the PRC.

AUDIT COMMITTEE
The Company has an audit committee which was established to provide independent review of the financial statements of the Group. The current committee members are Mr. Wee Soon Chiang, Henny, Mr. Wong Kam Kau, Eddie and Mr. Hui Hung, Stephen, independent non-executive directors of the Company.

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.

CODE OF BEST PRACTICE
In so far as the Directors are aware, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year except that the independent non-executive directors of the Company have not been appointed for a specific term of office but retire from office on a rotational basis in accordance with the Company's Articles of Association.

MODEL CODE

The Company has adopted the Model Code of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 30 June 2005.

PUBLICATION OF ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

The detailed result announcement containing all the information in respect of the Company required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
XIONG Jian Rui
Chairman

Hong Kong, 29 September 2005

** For identification only*

As at the date of this announcement, the Board comprises executive directors: Mr. XIONG Jian Rui, Mr. TUNG Fai, Mr. SHI Simon Hao and Mr. ZHANG Fang Hong; non-executive director: Mr. LIN Gongshi; and independent non-executive directors: Mr. WEE Soon Chiang, Henny, Mr. WONG Kam Kau, Eddie and Mr. HUI Hung, Stephen.

Please also refer to the published version of this announcement in The Standard.