TECHWAYSON HOLDINGS LIMITED
德維森控股有限公司*

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

The Board of Directors (the "Board") of Techwayson Holdings Limited (hereinafter referred to as the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 31 December 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the 6 months ended 31 December	
		2005	2004
	Note	***RMB'000***	*RMB'000*
Turnover	2	**132,469**	99,493
Cost of sales		**(127,727)**	(82,431)
		4,742	17,062
Other revenue	3	**3,092**	521
Staff costs	4	**(2,932)**	(4,297)
Amortisation of lease prepayments		**(20)**	–
Amortisation of deferred software development costs		**–**	(2,300)
Depreciation of equipment and furniture		**(636)**	(739)
Other operating expenses		**(3,797)**	(5,721)
Profit from operations		**449**	4,526
Impairment loss on available-for-sale investment	5	**(11,559)**	–
Finance cost		**(4,492)**	(4,592)
Loss before taxation	6	**(15,602)**	(66)
Income tax	7	**2,172**	(1,220)
Loss attributable to shareholders		**(13,430)**	(1,286)
		RMB cents	*RMB cents*
Loss per share – basic	8	**(3.84)**	(0.37)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 December 2005 (Unaudited) *RMB'000*	As restated 30 June 2005 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Plant and equipment		**2,983**	3,581
Property under development		**72,263**	66,263
Prepaid lease payments		**1,967**	1,987
Investments in securities		**–**	31,916
Available-for-sale investment	5	**20,357**	–
Total non-current assets		**97,570**	103,747
CURRENT ASSETS			
Held-to-maturity securities		**150,704**	–
Trust fund investments		**–**	150,704
Inventories		**7,274**	4,817
Prepayments, deposits and other receivables		**21,291**	17,999
Prepaid lease payments		**41**	41
Trade receivables	9	**22,862**	30,387
Bills receivables		**–**	9,435
Cash and bank balances		**5,960**	14,487
Total current assets		**208,132**	227,870
CURRENT LIABILITIES			
Trade payables	10	**(11,493)**	(11,191)
Bills payable, secured		**–**	(18,851)
Accruals and other payables		**(15,047)**	(6,890)
Warranty provision		**(27)**	(27)
Receipts in advance		**(6,372)**	(3,260)
Loans payable – current portion		**(3,003)**	(1,811)
Short-term bank loan		**(98,981)**	(100,000)
Taxation payable		**(6,378)**	(8,764)
Total current liabilities		**(141,301)**	(150,794)
Net current assets		**66,831**	77,076
Total assets less current liabilities		**164,401**	180,823
NON-CURRENT LIABILITIES			
Loans payable		**(5,963)**	(7,155)
NET ASSETS		**158,438**	173,668
CAPITAL AND RESERVES			
Share capital		**37,100**	37,100
Reserves		**121,338**	136,568
SHAREHOLDERS' EQUITY		**158,438**	173,668

NOTES

1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed interim financial statements have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretation issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and with HKAS 34 "Interim financial reporting" issued by HKICPA. The unaudited condensed interim financial statements have been prepared under the historical cost convention, except for certain financial assets are carried at fair value.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2005, except as described below.

In December 2004, the HKICPA issued HKAS 17 "Lease", HKAS 32 "Financial Instruments" Disclosure and Presentation and HKAS 39 "Financial Instruments: Recognition and Measurement" which are applicable to the Group's operation and became effective on 1 January 2005. The adoption of these HKASs has no material impact of the Group's result of operations and financial position except certain presentation and disclosure of financial statements have been changed.

(a) *Lease Prepayments*

Lease prepayments represent purchase cost of land use rights in the PRC. Land use rights are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

In accordance with HKAS 17, property under development of RMB2,027,572 included in the consolidated balance sheet as at 30 June 2005 was restated a prepaid lease payments.

(b) *Investments*

Investments are recognised and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Investments other than held-to-maturity securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Investments in equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less identified impairment losses (if any). An impairment loss is recognised in the income statement when there is objective evidence that an asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

The adoption of HKAS 39 has the following effect on consolidated balance sheet at 1 July 2005 as follows:–

	RMB'000
Increase/(decrease) in assets	
Investment in securities	(31,916)
Available-for-sale investment	31,916
Trust fund investments	(150,704)
Held-to-maturity securities	150,704

2. Segment Information

Business segments

	For the 6 months ended 31 December					
	Automation products		Project and technical services		Consolidated	
	2005 (Unaudited) *RMB'000*	2004 (Unaudited) *RMB'000*	**2005 (Unaudited) *RMB'000***	2004 (Unaudited) *RMB'000*	**2005 (Unaudited) *RMB'000***	2004 (Unaudited) *RMB'000*
TURNOVER	**132,469**	97,194	**–**	2,299	**132,469**	99,493
SEGMENT RESULT	**4,742**	17,025	**–**	37	**4,742**	17,062
Other revenue					**3,092**	521
Unallocated expenses					**(7,385)**	(13,057)
Profit from operations					**449**	4,526
Impairment loss on available-for-sale investment					**(11,559)**	–
Finance costs					**(4,492)**	(4,592)
Loss before taxation					**(15,602)**	(66)
Income tax					**2,172**	(1,220)
Loss after taxation					**(13,430)**	(1,286)
OTHER INFORMATION						
Amortisation of deferred software development costs	**–**	2,300	**–**	–	**–**	2,300

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.

	For the 6 months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from external customers		
PRC (including Hong Kong and Macau)	**105,316**	99,493
Malaysia	**27,153**	–
	132,469	99,493

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

3. Turnover and other revenue

The Group's turnover represented revenue generated from two main categories of revenue streams automation products and project and technical services and is stated after deducting PRC value-added tax and city and county maintenance tax.

	For the 6 months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Turnover		
Sales of automation products	**132,496**	97,194
Fees for project and techncial services	**–**	2,299
Total turnover	**132,469**	99,493
Other revenue		
Unrealised gain on trust fund investment	**3,000**	–
Reversal of warranty provision	**–**	5
Interest income	**64**	506
Sundry income	**28**	10
	3,092	521
Total revenue	**135,561**	100,014

4. Staff costs

	For the 6 months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Salaries and allowances	**2,888**	4,103
Contributions to defined contribution plans	**44**	194
	2,932	4,297

5. Impairment loss on available-for-sale investment

	31 December 2005	30 June 2005
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Fair value transferred from investment in securities at 1 July 2005	**31,916**	–
Less: Impairment losses	**(11,559)**	–
Fair value at 31 December 2005/30 June 2005	**20,357**	–

Notes:

Available-for-sale investment (previously classified as investment in securities) represented the Group's 18.52% equity of the registered capital of Tongling Huarui Electronic Materials Company Limited (renamed as Goldwiz Huarui (Tongling) Electronic Material Company Limited) ("Tongling"), a company incorporated in the PRC.

For the six months ended 31 December 2005, the directors of the Company have assessed the carrying value of the investment in Tongling with reference to an unaudited net asset value of Tongling as at 31 December 2005. On this basis, the directors of the Company identified an impairment losses of RMB11,559,000 on the available-for-sale investment.

6. **Loss Before Taxation**

Loss before taxation is arrived at after charging:

	For the 6 months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bad debts written off	**366**	–
Provision for obsolete stocks	**442**	–
Loss on exchange	**88**	–
Interest on bank borrowings and loans repayable within 5 years	**4,492**	3,910
Interest on other borrowings wholly repayable after 5 years	**–**	682

7. **Taxation**

Income tax consists of:

	For the 6 months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current taxation		
PRC enterprise income tax		
– Tax for the period	**–**	(339)
Hong Kong profits tax		
– Tax for the period	**197**	1,559
– Over-provision in respect of prior years	**(2,369)**	–
Taxation (credit)/charge	**(2,172)**	1,220

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 for at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits earned by a subsidiary operating in Hong Kong during the period.

c) *PRC enterprise income tax*

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

Techwayson Industrial Ltd., 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 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, the company is subject to the PRC enterprise income tax at 7.5% for the next three years until 31 December 2003, and followed by the other three years of tax reduction period until 31 December 2006 provided it continues to qualify as a High-Tech enterprise.

The Group did not have material unprovided deferred taxation at 31 December 2005 (2004: Nil).

8. **Loss Per Share**

The calculation of basic loss per share for the six months ended 31 December 2005 is based on the consolidated loss attributable to shareholders of approximately RMB13,430,000 (2004: RMB1,286,000) and the weighted average of 350,000,000 shares (2004: 350,000,000 shares) in issue during the period.

Diluted earnings per share was not presented because there were no dilutive potential ordinary shares in issue during the six months ended 31 December 2005 and 2004.

9. **Trade Receivables and Bills Receivables**

Trade receivables and bills receivables consisted of:

	31 December 2005	30 June 2005
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**22,862**	32,644
Retention monies receivables*	**–**	749
	22,862	33,393
Less: Provision for doubtful debts	**–**	(3,006)
	22,862	30,387
Bills receivables	**–**	9,435

* *Retention monies are receivables upon expiry of the product warranty period, ranging from one to three years after completion of the contract.*

Customers are normally required to settle the debts within one month upon the issuance of invoices, except for certain well established customers where the terms may be extended to two or three months.

Ageing analysis of trade receivables and bills receivables are as follows:

	31 December 2005 (Unaudited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
0 to 60 days	**13,763**	13,777
61 – 90 days	**388**	3,337
91 – 365 days	**8,711**	12,911
Over 365 days	**–**	3,368
	22,862	33,393
Bills receivable:		
0-60 days	**–**	9,435

10. Trade Payables and Bills Payables

Ageing analysis of trade payables and bills payables are as follows:

	31 December 2005 (Unaudited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
Trade payables:		
0 to 60 days	**8,381**	2,234
61 – 90 days	**1,258**	1,073
91 – 365 days	**1,331**	5,987
Over 365 days	**523**	1,897
	11,493	11,191
Bills payables:		
0 – 60 days	**–**	18,851

11. Contingent Liabilities

a) The Company has executed corporate guarantees to banks to secure banking facilities granted to its subsidiaries. At the balance sheet date, the banking facilities utilised by subsidiaries totalled approximately RMB98,981,000 (30 June 2005: RMB144,840,000).

b) Pursuant to the litigations disclosed in note 12, "Subsequent Events", two PRC subsidiaries are allegedly being claimed for a total amount of approximately RMB155 million under guarantees said to be issued by the two PRC subsidiaries.

12. Subsequent Events

In early February 2006, the Company had been informed by its wholly-owned subsidiaries in the PRC, Techwayson Industrial Limited and Hiwayson Technology Limited, that they have been served with writs of summons issued by the Tongling Intermediate People's Court and Shenzhen Intermediate People's Court. As the then and current Board were not aware of the underlying transactions concerning the two subsidiaries that were alleged in the writs of summons, the Company is investigating the relevant facts. More detailed information is stated in post balance sheet events of management discussion and analysis.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 31 December 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 31 December 2005, the Group has recorded an unaudited total turnover of approximately RMB 132,469,000 with a gross profit of RMB4,742,000, an increase of 33.14% and a decline of 72.2% respectively when compared with the same period last year. Profits from Operation for the period under review has dropped to RMB449,000, a decrease of 90.08% when compared with the same period last year. It is a result of the fact that the Group has shifted its focus to trading of foreign automation products during the period.

During the period under review, the Group has underestimated the effect of keen competition and change in market demand, coupled with management restructuring in the Company's subsidiaries in the PRC, performance of the business in the territory fell short of the forecasts. After a review of the situation, the Group has streamlined the structure after some of the employment contracts expired on 31 December 2005. Focus of the business will be readjusted to increase the trading of proprietary products such as PLCs and other product lines under the branding of TCS and ATCS. The Group believes that trading of these products will benefit the Group in terms of its profit margin and long term development. However, distribution of foreign products, especially for Rockwell, will continue. The profit margin in this sector shall be raised by developing accounts of direct clients to cut down the commission paid to local agents.

The Company believes that automation still provides potential for further development. The Group has an edge on R&D forces and technical know-hows over the local competitors in automation. Other than the development of proprietary products and systems, the Group shall also pay attention to the OEM business for machineries in printing, packaging, wood crafting and paper making. Feasibility study for engaging in the engineering projects in electricity generation, oil exploration and metal refining will also be carried out.

The Group has a long term investment of 18.52% interest in Goldwiz Huarui (Tongling) Electronic Material Co., Ltd. (formerly known as Tongling Huarui Electronic Material Co., Ltd) ("Goldwiz Tongling"). The Company is not involved in its day-to-day management. From April 2005, Goldwiz Tongling has become a non wholly-owned subsidiary of Goldwiz Holdings Limited ("Goldwiz") which was also the former major shareholder of the Company. According to Goldwiz's announcement dated 4 January 2006, the operations of the factory of Goldwiz Tongling have been suspended since December 2005 due to a critical liquidity problem. Negotiation is being made by the Goldwiz Group for debt restructuring. Further, Goldwiz Tongling received writs of summons from various parties including suppliers, bankers, former shareholder and a PRC trust company. The Company is also looking into the matter and has employed a PRC lawyer to follow the development, especially on the possibility of resumption of operation in Goldwiz Tongling.

The Group has undergone a period of confusion and chaos in view of the unfortunate incidents as disclosed in the Post Balance Sheet Events. However, the management is confident in resolving the various issues and will look for opportunities to diversify its business that will improve the Company earnings and assets.

In terms of management control and corporate governance, the company will place greater emphasis to tighten its internal control and to ensure better regulatory compliances. The Group is in the process of reviewing and amending its existing internal control procedures. The new internal control procedures will tighten management supervision.

Post Balance Sheet Events

In early February and March 2006, the Company had been informed by its wholly-owned subsidiaries in the PRC, Techwayson Industrial Limited ("TWS") and Hiwayson Technology Limited ("HWS"), that they have been served with writs of summons issued by the Tongling Intermediate People's Court and Shenzhen Intermediate People's Court. As the then and current Board was not aware of the underlying transactions concerning the two subsidiaries that were alleged in the writs of summons, the Company has been investigating the relevant facts.

The Board was informed by TWS and HWS that it had been served with the following writs of summons:

1. Two China Construction Bank ("CCB") Writs were issued through the Tongling Intermediate People's Court (PRC) and the parties to the litigation are as follows:

   (a) CCB Tongling Branch, as plaintiff;

   (b) Goldwiz Tongling, as first defendant; and

   (c) TWS, as second defendant.

   As a bank creditor, the plaintiff claims from Goldwiz Tongling the repayment of loans in the amount of, in one action, RMB18,000,000 with interests and, in another action, RMB23,500,000 with interests. TWS is alleged to be liable for such sum as a guarantor, aggregating to an amount of RMB41,500,000 with interests. It is alleged that TWS had given the guarantees in October 2004 and then again in October 2005.

2. The Industrial and Commercial Bank of China ("ICBC") Writ was issued through the Tongling Intermediate People's Court (PRC) and the parties to the litigation are as follows:

   (a) ICBC Tongling Branch, as plaintiff;

   (b) Goldwiz Tongling, as first defendant; and

   (c) TWS, as second defendant.

   As a bank creditor, the plaintiff claims from Goldwiz Tongling the repayment of loans and the payment of issued acceptance bills. TWS is alleged to be liable for the amount of RMB6,000,000 and the amount of RMB8,576,250 respectively with interest as guarantor, aggregating to an amount of RMB14,576,250 with interest. It is alleged that TWS had given the ICBC Guarantee in October 2004.

3. The Tongling Economic Technical Development Zone (Group) Company（銅陵經濟技術開發區（集團）總公司）("Tongling Group") Writ was issued through the Tongling Intermediate People's Court (PRC) and the parties to the litigation are as follows:

   (a) Tongling Group, as plaintiff;

   (b) Goldwiz Tongling, as first defendant; and

   (c) TWS, as second defendant.

As a creditor, the plaintiff claims from Goldwiz Tongling the payment in the amount of RMB16,340,000 as payment in advance made by the plaintiff for the first defendant. TWS is alleged to be liable for such sum as guarantor. The Repayment Agreement was purportedly entered into between the parties in September 2005.

4. The Bank Of China ("BOC") Tongling Branch Writ was issued through the Tongling Intermediate People's Court (PRC) and the parties to the litigation are as follows:

   (a) BOC Tongling Branch, as plaintiff;

   (b) Goldwiz Tongling, as first defendant;

   (c) TWS, as second defendant; and

   (d) HWS, as third defendant.

   As a bank creditor, the plaintiff claims from Goldwiz Tongling the repayment of loans in the amount of RMB9,879,446.26 with interests and the payment of RMB11,719,990 in respect of issued acceptance bills. TWS and HWS are alleged to be liable for such sums as guarantors, aggregating to an amount of RMB21,599,436.26 with interests. It is alleged that each of HWS and TWS had given the guarantee in July 2005.

5. The BOC Shenzhen Writ was issued through the Shenzhen Intermediate People's Court (PRC) and the parties to the litigation are as follows:

   (a) BOC Shenzhen Branch, as plaintiff;

   (b) Shenzhen Qi Hai Industrial Company (深圳市濟海實業有限公司) ("Qi Hai Company"), as first defendant;

   (c) TWS, as second defendant;

   (d) Goldwiz Real Estate (Shanghai) Co. Ltd. (科維置業(上海)有限公司), as third defendant; and

   (e) Goldwiz Tongling, as fourth defendant.

   As a bank creditor, the plaintiff claims from Qi Hai Company the repayment of loans and interest in the aggregate amount of approximately RMB60,692,650. TWS is alleged to be liable for such sum as guarantor. It is alleged that TWS had given the BOC Shenzhen guarantee in October 2003. Goldwiz Real Estate, as the third defendant, to the best of knowledge and belief of the Directors, is owned as to 10% by Goldwiz and as to 90% by a PRC National who is an independent third party of the Company and its connected persons. To the best of the Directors' knowledge and information and belief and having made all reasonable enquiries, each of Qi Hai Company and its shareholders is not a member of the Group, and is a third party independent of the Company and its connected persons (as defined in the Listing Rules), save for the fact that Qi Hai Company has, at the relevant times, and remains to be, a customer of Goldwiz Tongling.

   The Board became aware of the guarantees and agreements through the writs and the guarantees were given without the knowledge of the Board at the relevant time.

   The Company has appointed a PRC legal counsel to look into the matters and represent the Group in the cases. The Company's investigation is continuing and will take necessary legal actions if so advised by the counsel. The Company will make further detailed announcement shortly.

Financial Review

Loss attributable to shareholders

For the six months ended 31 December 2005, the Group has recorded an unaudited turnover of RMB132,469,000, representing 72.2% increase when compared with the corresponding period of 2004. Loss attributable to shareholders and loss per share of RMB13,430,000 and RMB3.84 cents respectively, represented a decrease to RMB1,286,000 and RMB0.37 cents respectively when compared with the corresponding period.

Exposure to fluctuations in exchange rates

All of the Group's borrowings are denominated in Hong Kong dollars or Renminbi while the turnover of the Group are denominated in Renminbi, Hong Kong dollars or United States dollars. As the exchange rates of United States dollars and Renminbi against Hong Kong dollars were overall relatively stable during the period under review and the Group's exposure to fluctuations in exchange rates was adjusted in the financial statements and no financial instruments have been used for hedging purpose as it is a one-off incident of the PRC managed floating exchange rate regime on 21 July 2005.

Liquidity and financial resources

The borrowing maturity profile of the Group as at 31 December 2005 is analysed as follows:

	At 31 December 2005 (Unaudited) *RMB'000*
Repayable within one year	101,984
Repayable after 1 year but within 2 years	2,385
Repayable after 2 years but within 5 years	3,578
	107,947

As at 31 December 2005, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets was 35.3% (30 June 2005: 32.9%). The management believes that the gearing ratio is at an acceptable level in the Group and the Group would be able to generate sufficient financial resources to discharge its debt.

As at 31 December 2005, certain subsidiaries have been granted banking facilities against a corporate guarantee given by the Company, the Company has contingent liabilities amounting to RMB98,981,000 (30 June 2005: RMB144,840,000), in respect of banking facilities granted to and utilised by these subsidiaries.

Other than those disclosed in the Company's prospectus and listing documents dated 31st January 2001 and 30th 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 31 December 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 2005, Tongling reported an unaudited net asset value of approximately RMB109.92 million (as at 31 December 2004: approximately RMB122.72 million). As no dividend was declared by Tongling for its financial year ended 31 December 2005, 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 the recent departure of key managerial staff of the Group, the Directors expected to complete in 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 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, the management of the Group is optimistic about the contribution from rental of the property.

Segmental Information

The segment of automation products has recorded an increase in turnover of 36.29% when compared to the corresponding period of 2004. Such increase was mainly due to the reduction of profit margin of keen competition.

Due to resources reallocation, there was no turnover from project and technical services segment during the six months under review. However, the management plans to re-develope this segment which has been ignored by previous management in the second half of year 2005.

Employee information

For the six months ended 31 December 2005, the Group has recorded staff costs of RMB2,932,000 represented 31.77% decrease from RMB4,297,000 for the corresponding period in 2004. The number of staff has decreased from 82 employees (as at 31 December 2004) to 53 employees (as at 31 December 2005). 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.

Litigation

As at the date of this announcement, the Group has received certain litigations with allegedly claims made by third parties of approximately RMB154,708,000 in aggregate in respect of certain guarantees given by the two wholly-owned subsidiaries of the Group in PRC. Due to ongoing investigation and facts finding, no provision has been made during the period under review. The directors are of the opinion that this matter currently will not have any significant financial impact to the Company except for legal and professional fees.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code provisions in Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2005 except for the deviations as mentioned below:

Code provision A.1.7.

It stipulates that there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the issuer's expenses.

On 9 December 2005, the Board approved the procedures to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses.

Code provision A.2.1.

It stipulates that the role of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

On 9 December 2005, the responsibilities of the chairman and CEO were duly set out in writing and were approved by the Board.

Code provision A.4.1

It stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

On 9 December 2005, the Board approved the issuance of the letters to the Company's non-executive directors specifying their terms of service which shall continue until the conclusion of the Company's annual general meeting to be held in year 2007 and they shall be subject to retirement by rotation and re-election.

Code provision A.4.2

It stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At the annual general meeting held on 28 October 2005, the shareholders of the Company passed a resolution amending the Company's Article in order to comply with this provision.

Code Provision A.5.4.

It stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code as set out in Appendix 10 of the Listing Rules for the relevant employees, who are likely to be in possession of unpublished price sensitive information in relation to the issue of its securities, in respect of their dealings in the securities of the issuer.

On 9 December 2005, the Board approved the adoption of the Company's own code of conduct regarding the securities transactions by certain employees of the Company and its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company of its securities, in respect of their dealings in the securities of the Company. The code represents written guidelines on no less exacting terms than the Mode Code.

Code provision B.1.1.

It stipulates that issuers should set up a remuneration committee with specific terms of reference as set out in code provision B.1.3.

On 9 December 2005, the Company established a remuneration committee with specific written terms of reference as set out in accordance with code provision B.1.3.

Code Provision D.1.2.

It stipulates that an issuer should formalize the functions reserved to the board and those delegated to the management and should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

On 9 December 2005, the Company established an executive committee with specific written terms of reference. The executive committee comprises four executive directors representing the management of the Company. On 9 December 2005, the Board approved the delegation of certain functions to the executive committee and the formalized functions reserved to the Board and those delegated to the management.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

On 9 December 2005, the Company adopted its own code of conduct regarding securities transactions by the Directors of the Company and its subsidiaries in the securities of the Company and its associated companies.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Company's own code of conduct throughout the period from 1 July 2005 to 31 December 2005.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code.

The audit committee comprises three independent non-executive directors, namely Mr. Wee Soon Chiang, Henny, Mr. Wong Kam Kau, Eddie and Mr. Hui Hung, Stephen. The interim results for the six months ended 31 December 2005 have been reviewed by the audit committee, who were of the opinion that the preparation of such results complied with applicable accounting standards and legal requirements and that adequate disclosures had been made.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 9 December 2005 with specific minimum terms of reference as stipulated by code provision B.1.3. of the CG Code. The remuneration committee comprises all the independent non-executive directors and the chief executive officer. The remuneration committee has recommended to the Board the remuneration policy for all remuneration of directors and senior management and has consulted the chairman before determining the remuneration of the newly appointed executive directors. The Committee will review the remuneration of the other executive directors and senior management in due course.

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 six months ended 31 December 2005.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information of interim result of the Group for the period required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
SZE KWAN
Chairman

Hong Kong, 27 March, 2006

As at the date of this announcement, the Board of Directors of the Company comprises four Executive Directors, namely Dr. SZE Kwan, Mr. SIEK Fui, Ms. CHAN Siu Chu, Debby and Mr. LIU Ping, one Non-executive Director, namely Mr. LIN Gongshi and three Independent Non-executive Directors, namely Mr. WEE Soon Chiang, Henny, Mr. WONG Kam Kau, Eddie and Mr. HUI Hung, Stephen.

* *For identification purpose only*

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