Techwayson Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

QUARTERLY RESULTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

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

INTERIM RESULTS HIGHTLIGHTS

- Turnover increased by approximately 442% for the six months ended 31 December 2000 compared with the corresponding period in 1999.
- Profit attributable to shareholders increased by approximately 537% for the six months ended 31 December 2000 compared with the corresponding period in 1999.
- Earnings per share for the six months ended 31 December 2000 rose to HK14.66 cents from HK2.3 cents for the corresponding period in 1999.

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Directors") of Techwayson Holdings Limited (the "Company") is pleased to announce the unaudited combined results of the Company and its subsidiaries (the "Group") for the three months and six months ended 31 December 2000, together with comparative figures for the corresponding periods in 1999, as follows:

		For the three months ended 31 December				**For the six months ended 31 December**			
		2000		1999		**2000**		1999	
	Notes	***RMB'000***	***HK$'000*** *(Note 5)*	*RMB'000*	*HK$'000* *(Note 5)*	***RMB'000***	***HK$'000*** *(Note 5)*	*RMB'000*	*HK$'000* *(Note 5)*
Turnover	2	**64,824**	**61,045**	7,352	6,936	**95,062**	**89,521**	17,524	16,532
Cost of sales		**(21,820)**	**(20,548)**	(3,243)	(3,060)	**(33,461)**	**(31,511)**	(7,529)	(7,103)
Gross Profit		**43,004**	**40,497**	4,109	3,876	**61,601**	**58,010**	9,995	9,429
Distribution and selling expenses		**(1,372)**	**(1,292)**	(211)	(199)	**(2,340)**	**(2,204)**	(383)	(361)
General and administrative expenses		**(9,024)**	**(8,498)**	(1,444)	(1,362)	**(15,716)**	**(14,800)**	(2,793)	(2,635)
Profit from operations		**32,608**	**30,707**	2,454	2,315	**43,545**	**41,006**	6,819	6,433
Interest Income		**39**	**37**	6	6	**52**	**49**	11	10
Profit before taxation		**32,647**	**30,744**	2,460	2,321	**43,597**	**41,055**	6,830	6,443
Taxation	3	**—**	**—**	—	—	**—**	**—**	—	—
Profit attributable to shareholders		**32,647**	**30,744**	2,460	2,321	**43,597**	**41,055**	6,830	6,443
		RMB	***HK$***	*RMB*	*HK$*	***RMB***	***HK$***	*RMB*	*HK$*
Earnings per share — Basic	4	**11.66 cents**	**10.98 cents**	0.88 cents	0.83 cents	**15.57 cents**	**14.66 cents**	2.44 cents	2.30 cents

Notes

1. Group reorganisation and basis of presentation

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

On 16 January 2001, the Company became the holding company of the other companies comprising the Group pursuant to a group reorganisation ("the Reorganisation") which included exchanges of shares. The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation have been regarded as continuing group. Accordingly, the combined results of the Group for the six months ended 31 December 2000 includes the results of the companies now comprising the Group, as if the current structure of the Group had been in existence throughout the period or since their respective dates of incorporation where this is a shorter period. The comparative figures for the six months ended 31 December 1999 have been presented on the same basis. Refer to the Company's prospectus dated 31 January 2001 for details of the Reorganisation.

The combined results have been prepared in accordance with Statement of Standard Accounting Practices issued by the Hong Kong Society of Accountants generally accepted accounting principles in Hong Kong.

2. Turnover

The Group's turnover was mainly contributed from fixed price contracts in respect of (i) sales of system control equipment and software products, and (ii) fees for system integration services. The Group's income from fixed price contracts is stated after deducting Mainland China value-added tax ("VAT") at 6 per cent. of revenue from fixed price contracts, city and country maintenance tax at 1 per cent. of the amount of VAT levied, and educational surcharge at 3 per cent. of the amount of VAT levied.

A substantial portion of the Group's turnover for the six months ended 31 December 2000 was derived from transactions with four customers located in Mainland China.

3. Taxation

(i) Hong Kong profits tax:

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong.

(ii) Mainland China Enterprise income tax:

Techwayson Industrial Limited, a wholly-owned subsidiary, is an enterprise established and operated in a special economic zone of Mainland China and is subject to Mainland China enterprise income tax at a rate of 15 per cent.. However, it is exempted from Mainland China enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50 per cent. reduction in Mainland China enterprise income tax for the next three years. The tax exemption period is from 1 January 1999 to 31 December 2000.

4. Earnings per share

The calculations of basic earnings per share for the three months and six months ended 31 December 1999 and 2000 were based on the unaudited combined profit attributable to shareholders during the periods and assuming 280,000,000 shares in issue and issuable. Refer to the Company's prospectus dated 31 January 2001 for details.

Diluted earnings per share was not presented because there were no dilutive potential ordinary shares in existence during the periods.

5. Foreign currency translation

Translation of amounts from Chinese Renminbi ("RMB") into Hong Kong dollars ("HK$") is for the convenience of readers and has been made at the rates of exchange of approximately RMB106.19 = HK$100 for the six months ended 31 December 2000 (1999 – RMB106 = HK$100). No representation is made that the RMB amounts could have been, or could be, converted into HK$ at such rates or at any other rate. Such translation is only for the convenience of readers and does not conform to accounting principles generally accepted in Hong Kong.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2000. (1999: Nil)

BUSINESS REVIEW

The Directors are pleased to announce the Group's first interim results since its listing on the GEM. For the six months ended 31 December 2000, the Company recorded a turnover of approximately HK$89,521,000 representing a 442% increase as compared to the same period in the previous financial year. As the Group is the only domestic provider of an automation and computer system solution in the PRC, the Group has enjoyed a high gross profit margin of approximately 64.8% from approximately 57% for the same period in the previous financial year.

The Group has actively established its sales network to promote its products in the PRC market. At the same time, the Group has also managed to effectively monitor and control the cost of sales, which contributed to the improvement of its gross profit margin.

In October 2000, the Group entered into a cooperation agreement with Shanghai Hui Ming Automation Information Industry Company Limited, a business entity in which Shanghai Jiaotong University has invested, to jointly develop TCS, an automation and control system which incorporates APC capacity and industrial optimization software applications.

In December 2000, the Group also entered into a contract with Intellution Corporation Limited to jointly develop Control Software applications for the TCS operating systems under the brand name of TFIX. TFIX is modeled upon the IFIX system which was solely developed by Intellution with the addition of certain new functions based on specifications provided by the Group. The intellectual property rights of TFIX belongs to the Group.

PROSPECTS

General

In order to provide the total automation solutions to its customers more effectively, the Group intends to offer a more thorough preliminary consulting services. The Group will set up a consulting task force comprising a team of engineers and consultants with in-depth experience of mission-critical automation applications. The Group's consulting team will examine customers' requirements prior to initiating the design phase. During the process, the team will acquire or build components to meet specifications requested by customers and then integrate such components into the final deliverable solution. The consultancy team will also provide customers with post-sales technical consultancy services.

The admission of the PRC into the World Trade Organisation will force PRC industrial enterprises to improve the efficiency of their manufacturing process or face severe competition, both internally or from overseas. Therefore, in order to improve efficiency, the Directors believe that most PRC industrial enterprises will seek to develop new automation and control systems or rebuild and upgrade their existing systems. Therefore, the Directors believe that the Group can develop a niche market in the rebuilding and upgrading of existing systems of customers as a short form strategy before the group can gain sufficient market recognition to develop into a full-blown total solution provider in the PRC automation and control industry.

Product Research and Development

The Group conduct testing and inspections on new TCS systems incorporated with flammable controller modules and hot back-up/redundancy characteristics. In order to specialise of TCS products, automation systems that are tailor-made for specialised industries such as steel refining, iron refining, steel rolling, refining of oil, ethylene and sulphuric acid, cigarette manufacturing, paper, sewage, waterworks, distribution and supply of electricity on grids may be developed through incorporating APC tailored for each specific industry onto the TCS platform. At the same time, software blocks will be developed to include the basic functions common to various industries. They will then be incorporated into control systems with industry-specific designs. It is expected that through a combination of standardisation and industry specific functions, the Group will be able to achieve product standardisation, reduction in time spent on project engineering and speeding up of the application of TCS products in various industries.

Sales & Marketing

The Group will enter into a strategic partnership with Baosteel Information Industry Holdings (寶鋼信息產業集團), which specialises in industrial and building automation and other IT services and apply TCS systems with implemented APC functions on complex manufacturing and control process involving high-technology such as steel rolling, electric furnaces. Baosteel Information Industry Holdings is a subsidiary of Baoshan Iron and Steel Company Limited (寶山鋼鐵股份有限公司), a major state-owned steel refining conglomerate in the PRC whose A shares are listed on the Shanghai Stock Exchange. And, the Group broaden the range of products and services with the aim to improve the productivity of customers' manufacturing process.

Overseas Business Development

The Group conduct pilot projects targeted at specific industry sectors such as waste water treatment in Hong Kong and the Southeast Asian region as the first step for entering the overseas markets. Also, the Group conduct testing of the Group's products with the aim to attain recognition certificates from various international industry standard accrediting organisations.

COMPETING INTEREST

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

DIRECTORS' INTERESTS IN SHARES

As at 8 February 2001 (the date on which dealings in the Shares first commenced on GEM) according to the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance") or otherwise notified to the Company pursuant to the minimum standards of dealings by the Directors as referred to in Rule 5.4 of the GEM Listing Rules, the interests of Directors in the securities of the Company and its associated companies were as follows:

Name of director	Personal Interests	Family Interests	Number of Shares held in the Company	Other Interests	Total
Dr. Sze Kwan	—	—	168,000,000*	—	168,000,000

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

Save as disclosed as above, as at 8 February 2001, none of the Directors or their associates had any interests in the issued share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 8 February 2001, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 8 February 2001, save for the interests of the Directors disclosed above, according to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, the following Shareholders (other than the Directors or chief executives) were directly or indirectly interested in 10% or more of the Company's issued share capital:

Name	Number of Shares	Approximate Shareholding
Otto Link Technology Limited[1]	168,000,000	48.00%
Goldwiz Technology Limited	61,824,000	17.66%
Goldwiz Holdings Limited[2]	61,824,000	17.66%
Open Mission Assets Limited[3]	61,824,000	17.66%
Mr. Liu Xue Lin[4]	61,824,000	17.66%
Mr. T. Siu	38,976,000	11.14%

Notes:

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

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

3. Open Mission Assets Limited is deemed to be interested in the 61,824,000 shares held by Goldwiz by virtue of its approximately 41.05% equity interest in Goldwiz Holdings. Open Mission Assets Limited is beneficially owned as to 50% by Mr. Liu Xue Lin, 32.5% by Mr. Chim Kim Lun, Ricky, 15% by Mr. Kwok Lin through Cyber Ocean Limited and 2.5% by Mr. Lee Tiong Hock. Mr. Liu, Chim, Kwok and Lee are all directors of Goldwiz Holdings and Mr. Lee Tiong Hock is also a Director. Save as disclosed herein, each of Open Mission Assets Limited, Mr. Liu Xue Lin, Mr. Chim Kim Lun, Ricky, Mr. Kwok Lin and Cyber Ocean Limited is independent from the Company and not connected with any of the chief executive, directors, management shareholders or substantial shareholders of the Company and does not have any competing business with the Group.

4. Mr. Liu Xue Lin is deemed to be interested in the 61,824,000 shares held by Goldwiz by virtue of his 50% equity interest in Open Mission Assets Limited.

SHARE OPTION SCHEME

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

As at 31 December 2000 and the date of this report, no option was granted by the Company under the Share Option Scheme.

SPONSOR'S INTEREST

None of the Company's sponsor, China Everbright Capital Limited ("China Everbright"), its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2000.

Pursuant to the agreement dated 30 January 2001 entered into between the Company and China Everbright, China Everbright has been retained to act as the Company's sponsor for the period from 30 January 2001 to 30 June 2003 in return for a monthly advisory fee.

AUDIT COMMITTEE

The Company established an audit committee on 27 November 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and providing supervision over the financial reporting process and internal control system of the Group. The audit committee comprises two independent non-executive directors, Mr. Chao Fu Kun and Mr. Kuang Ding Bo. The Group's unaudited results for the six months ended 31 December 2000 have been reviewed by the audit committee, who were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

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

Since dealings in the Shares only commenced on GEM on 8 February, 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares dealings the period under review.

By Order of the Board
SZE Kwan
Chairman

Hong Kong, 13 February 2001