



Chairman's Statement

TECHWAYSON HOLDINGS LIMITED

I am pleased to present this annual report of Techwayson Holdings Limited (the "Company") for the period from 1 July 2002 to 30 June 2003.

For the period under review, the Group has recorded a total audited turnover of approximately RMB161,811,000 (2002:143,269,000). Profit from operations was RMB29,846,000. Net profit attributable to shareholders was approximately RMB9,623,000. Basic earnings per share were RMB2.75 cents. The decline in net profit is due to the time-lag in contributory income from the distribution and OEM businesses as well as the provision for the impairment in its long-term investment in Tongling Huarui Electronic Materials Company Limited.

This is the first report after the Company has successfully transferred its listing status to the Main Board in January 2003. It is believed that the listing on the Main Board will enhance the Company's status in the market. In addition, the Company expects that the transfer will in the long term provide better liquidity of its shares. As part of a good corporate governance practice, the Company will continue reporting of its business review and financial report to shareholders and investors quarterly.

The year under review was a challenging year for its business operation. The SARS outbreak had interrupted many of the business activities. The Company has remodeled its business strategy to engage in the distribution and OEM businesses during the period. The strategic move will broaden the Group's income base, enabling the Group to maintain its steady income. The Group expects income will continue to grow as the sales and distribution network developed. The Company is also convinced that the restructuring of its business model will take the Group in the right track by providing the Group with more flexibility and opportunities for expansion.

In the course of developing the distribution business, the Group has identified the demand of low-end automation products among local machinery manufacturers. Coupled with its R&D strength, the Company is confident that it will be able to take advantage in expanding its business into this market in the foreseeable future.

The Company expects the year ahead to be more demanding as competition is getting more keen investment in product development and training will continue. However, the Group will employ tight measures in cost control and will have to be more cautious in business expansion. Thus the Group will adopt a flexible marketing strategy in order to keep its market positioning.



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I would like to take this opportunity to thank our customers for their patronage and our staff for their dedication. I look forward to your continuous support in the coming year.

Sze Kwan
Chairman

Hong Kong, 19 September 2003