

Chairman's Statement

I am pleased to present the annual report of Techwayson Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the period from 1st July 2003 to 30th June 2004.

Throughout the financial year, the Group recorded a total turnover of RMB359,172,000 (2003: RMB161,811,000). Profit from operations was RMB17,828,000. Net profit attributable to shareholders was approximately RMB10,921,000. Basic earnings per share was RMB3.12 cents. Both the turnover and the earnings per share showed increasing trends as compared with those of the previous financial year.

For the year under review, the economy of China has been developing rapidly with accelerated growth of fixed assets investment, in certain industries the growth was even exceeded 100%. Under such macro economic environment, the Group has managed to successfully shift its business from a system integrator to an equipment supplier in accordance with its formulated strategy, and to deploy more resources in new product development, international cooperation between companies of the same trade and sales channels, in order to implement and expand our product line and to fast track the establishment of our sales network, we have also set up offices and technical support services branches in Shanghai, Xian, Xiamen, Liuzhou, Wuhan and other cities, providing efficient and localized services to OEM customers.

In the product R&D front, one objective is to technically upgrade the Group's existing products by enhancing their added value and adaptability; and the other objective is to develop new products, such as micro integrated programmable controllers, programmed system software and network communication systems. The new products and technologies will be launched successively in the forthcoming financial year.

In light of the aggravating market competition nowadays, the Group will, with respect to its future development, capitalize lucidly on its own strength and place more emphasis on the Mainland market. With our strengths in R&D, localized talent, prompt technical services and extensive sales channels and flexible marketing strategy, the Group's market status will be enhanced.

I would like to take this opportunity to thank our staff for their dedication and our customers for their support over the past years and I look forward to their continuing support.

XIONG Jian Rui

Chairman

Hong Kong, 26th November 2004