

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements of The Quaypoint Corporation Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 30 June 2006.

CHANGE OF COMPANY’S NAME

By a special resolution passed on 18 August 2006, the name of the Company was changed from Techwayson Holdings Limited to The Quaypoint Corporation Limited and its Chinese name, for identification purpose only, was changed from 德維森控股有限公司 to 紀翰集團有限公司 with effect from 18 August 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in (i) the design, supply and integration of automation and control system and (ii) trading of automation products and natural resources such as iron ore, iron sand, coal and other natural mineral products. Details of the principal subsidiaries are set out in Note 16 to the financial statements.

An analysis of the Group’s turnover by business segments and geographical segments for the year ended 30 June 2006 is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2006 are set out in the consolidated income statement on page 25.

The state of affairs of the Group and of the Company as at 30 June 2006 are set out in the financial statements on pages 26 to 62.

The directors do not recommend the payment of a final dividend for the year ended 30 June 2006.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 31 to the financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2006, the Company’s reserves of approximately RMB5,891,000 were available for distribution to the Company’s shareholders.

LOAN PAYABLE

Particulars of loans payable by the Group as at 30 June 2006 are set out in Notes 28 and 29 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT AND PROPERTY UNDER DEVELOPMENT

Details of movements in the Group’s property, plant and equipment and property under development during the year are set out respectively in Notes 13 and 14 to the financial statements.

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SHARE CAPITAL

Details of the share capital of the Company during the year are set out in Note 30 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an extraordinary general meeting held on 20 January 2003, the share option scheme adopted by the Company on 22 January 2001 was terminated and a new share option scheme (the "New Scheme") was adopted. The purpose of the New Scheme is to provide incentive and to recognise the contribution of the eligible participants, including directors and employees of the Group, to the growth of the Group and to provide more flexibility to the Group in terms of remunerating the participants.

As at 30 June 2006, the Company has no outstanding option and during the year ended 30 June 2006, no option was granted, exercised or cancelled by the Company under the New Scheme.

DIRECTORS

The directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. LIU Ping	(Appointed on 4 November 2005)
Dr. SZE Kwan	(Appointed on 9 January 2006)
Ms. CHAN Siu Chu, Debby	(Appointed on 6 February 2006)
Mr. SIEK Fui	(Appointed on 6 February 2006)
Mr. TUNG Fai	(Resigned on 4 November 2005)
Mr. XIONG Jian Rui	(Resigned on 4 November 2005)
Mr. ZHANG Fang Hong	(Resigned on 4 November 2005)
Mr. SHI Simon Hao	(Resigned on 9 January 2006)
Mr. YAO Keming	(Appointed on 4 November 2005 and resigned on 9 January 2006)
Mr. FENG Jin	(Appointed on 4 November 2005 and resigned on 6 February 2006)
Mr. CHEN Ge Duo	(Appointed on 9 January 2006 and resigned on 21 February 2006)
Mr. SHEN Wei Ping	(Appointed on 9 January 2006 and resigned on 21 February 2006)

Non-executive Directors

Mr. Gerard J. MCMAHON	(Appointed on 10 May 2006)
Mr. LIN Gongshi	(Resigned on 7 July 2006)

Independent Non-executive Directors

Mr. HUI Hung, Stephen	
Mr. WEE Soon Chiang, Henny	
Mr. WONG Kam Kau, Eddie	
Mr. LAU Sai Chung	(Appointed on 15 September 2006)
Mr. NG Kwok Chu, Winfield	(Appointed on 15 September 2006)

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In accordance with Article 87(2) of the Company's Articles of Association, Mr. Wee Soon Chiang, Henny, Mr. Wong Kam Kau, Eddie and Mr. Hui Hung, Stephen shall retire from office by rotation at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the meeting.

In accordance with Article 86(3) of the Company's Articles of Association, Mr. Lau Sai Chung and Mr. Ng Kwok Chu, Winfield shall hold office until the forthcoming annual general meeting of the Company and being eligible, will offer themselves for re-election at the meeting.

The biographical details of the current Directors and Senior Management are set out on pages 10 to 11.

DIRECTORS' SERVICE CONTRACTS

Mr. Tung Fai, being former executive director of the Company, has entered into a service contract with the Company for a term of two years commencing from 1 December 2002. The service contract shall continue thereafter until terminated by either party giving the other not less than three months' written notice after the expiration of the said fixed term. The service contract of Mr. Tung was terminated on 4 November 2005 upon his resignation as executive director.

Except for the above, none of the directors proposed for re-election at the forthcoming annual general meeting has service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2006, the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") discloses the following director as having a notifiable interest in the shares, underlying shares or debentures of the Company or its associated corporations:

Name of director	Nature of interests	Number of ordinary shares held	Percentage of total issued shares
Dr. Sze Kwan	Interest of a controlled corporation	126,700,000*	36.20%

* Dr. Sze is deemed to be interested in the 126,700,000 Shares by virtue of his controlling interest in Otto Link Technology Limited which is beneficially owned as to 80% by Dr. Sze and 20% by Mr. Siek Fui.

Other than disclosed above, as at 30 June 2006, none of the Directors, chief executives and their respective associates have a notifiable interest or short position in the shares, underlying shares or debenture of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party, in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

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DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 June 2006, neither the Company, any of its subsidiaries was a party to any arrangements to enable the directors and chief executives 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.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2006, so far as was known to the Directors, the following persons (other than the Directors or the chief executive of the Company) has interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

(i) Long position in ordinary shares

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of total issued shares
Otto Link Technology Limited	Registered shareholder	126,700,000	36.20%
Mr. Chak Joaquin Emilio Kin Man	Registered shareholder and beneficial owner	96,824,000	27.66%

(ii) Long position in underlying shares

Name	Capacity and nature of interest	Number of underlying shares	As approximate percentage of total issued ordinary shares
Weina (BVI) Limited ¹	Beneficial owner	350,000,000	100%
Mr. Tsim Wing Kong ¹	Interest of a controlled corporation	350,000,000	100%

¹ Weina (BVI) Limited ("Weina") entered into the Subscription and Option Agreement on 26 May 2006 and through such agreement, Weina is interested in 350,000,000 Convertible Redeemable Preference Shares and has the right to convert up to 350,000,000 Ordinary Shares. Mr. Tsim is deemed to be interested in the 350,000,000 Shares by virtue of his controlling interest in Weina.

Save as disclosed above and so far as was known to the Directors, as at 30 June 2006, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	38%	–
Five largest customers in aggregate	76%	–
The largest supplier	–	48%
Five largest suppliers in aggregate	–	86%

At no time during the year the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the major customers and suppliers noted above.

COMMITMENTS

Particulars of commitments as at 30 June 2006 are set out in Note 35 to the financial statements.

RETIREMENT SCHEMES

Details of retirement schemes are set out in Note 33 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the latest five years is set out on page 64 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments for the year ended 30 June 2006 disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and Appendix 16 of the Main Board Listing Rules of The Stock Exchange are set out in note 8 to the financial statements.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices is set out in the Corporate Governance Report of the Company which sets out details on how the Company applied and complied with the corporate governance principles, including practices as set out in the Corporate Governance Code.

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AUDITORS

CCIF CPA Limited were auditors of the Company for the two years ended 30 June 2004 and 2005. On 29 June 2006, CCIF CPA Limited resigned as auditors of the Company. On 18 August 2006, Moores Rowland Mazars, *Chartered Accountants, Certified Public Accountants* were appointed as auditors of the Company to fill the casual vacancy and hold the office until the conclusion of the forthcoming annual general meeting of the Company. A resolution for the reappointment of Moores Rowland Mazars as auditors of the Company will be proposed at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The 2006 AGM will be held on 24 November 2006. Details of the 2006 AGM are set out in the Notice of AGM which constitutes part of the circular to Shareholders sent together with this Annual Report. Notice of the AGM and the proxy form are also available on the Company's website (www.quaypoint.com.hk).

On behalf of the Board

Gerard J McMahon

Chairman

Hong Kong, 24 October 2006