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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.



TECHWAYSON HOLDINGS LIMITED

德維森控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

On 26 September 2001, Techwayson Holdings Limited (the “Company”) entered into the Agreement with the Vendor pursuant to which the Company agreed to (i) purchase from the Vendor the Sale Shares together with the Shareholder’s Loan at a cash consideration of HK\$31 million which will be paid to the Vendor within 30 days upon the signing of the Agreement; and (ii) assume the liability of HK\$18 million Term-Loan owed by Techwire to an independent third party.

The Transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules and therefore requires disclosure by this announcement. A circular containing, among other things, details of the Transaction will be dispatched to the shareholders of the Company as soon as possible.

DISCLOSEABLE TRANSACTION

(1) AGREEMENT

Parties

- (a) Mr. CHEN Jian Jun as the Vendor

Mr. CHEN beneficially owns 100 shares in Techwire representing the entire issued capital of Techwire. Techwire holds about 18.52% equity interest in Tongling Huarui which is a sino-foreign joint-venture enterprise established in the PRC with its primary business as described in the paragraph under “Assets acquired” below.

(b) The Company as the Purchaser

The Vendor, Techwire and Tongling Huarui and their respective directors, chief executives and shareholders are parties independent of and not connected with the Company and its subsidiaries as well as the directors, chief executives, management shareholders or substantial shareholders of the Company, any of its subsidiaries or their respective associates.

Date

26 September 2001

Consideration

The total consideration for the Transaction is HK\$49 million, of which HK\$31 million will be settled in cash by the Company to the Vendor no later than 30 days from the date of signing the Agreement whilst the balance of HK\$18 million represents the taking up of the liability by the Company of the Term-Loan owed by Techwire to an independent third party. The Term-Loan is repayable under 16 instalments in 8 years with the first semi-annual payment of HK\$1,125,000 to be started from end December 2001. The Term-Loan bears an interest rate of LIBOR plus 0.5%.

The total consideration of HK\$49 million represents the total asset value of Techwire. For comparative purposes, it also represents a price-earnings of 3.8 multiple, based on the expected after tax profit of Tongling Huarui of about RMB75 million (approximately HK\$70 million) for the full-scale production year ending 2002. The Directors believe that this multiple is attractive taking in view of another similar business which is quoted on the Shenzhen Stock Exchange at a market value of approximately 24 price earning multiple. The terms of the Transaction were determined after arm's length negotiation based on normal commercial terms. The Directors consider that the terms and conditions of the Agreement are fair and reasonable and the Transaction is in the interests of the Company.

Completion of Transaction

The Transaction was completed upon signing of the Agreement on 26 September 2001. Upon completion of the Transaction, the Vendor transferred the Sale Shares and assigned the Shareholder's Loan to the Company.

Assets acquired

The Sale Shares together with the Shareholder's Loan which is free of interest and without repayment term acquired pursuant to the terms and conditions of the Agreement.

The Vendor is the sole beneficial shareholder of the entire issued capital of Techwire. Techwire holds 18.52% equity interest in Tongling Huarui. The remaining 81.48% equity interest in Tongling Huarui are held by Tongling Economy Technology (Group) Corporation as to 24.52%, Ever First Enterprises Limited as to 33.36%, Sino-Swiss partnership fund as to 22.48% and Cavitec AG (Switzerland) as to 1.12%, all of them and their respective directors, chief executives and shareholders are parties independent of and not connected with the Company and its subsidiaries as well as the directors, chief executives, management shareholders or substantial shareholders of the Company, any of its subsidiaries or their respective associates.

Techwire is a private company newly incorporated in the British Virgin Islands on 28 February 2001 which only asset is its investment holding in Tongling Huarui. Other than the aforesaid investment holding business, Techwire does not have any other operation. As at 31 August 2001, the net asset value of Techwire stood at about HK\$31million. For the period from the date of incorporation to 31 August 2001, Techwire has recorded a loss in HK\$20,325.

Tongling Huarui is primarily engaged in the production and distribution of (i) epoxide woven glass fabric copper clad laminate (FR-4); and (ii) thin and rigid laminate used in multi-layer printed circuit board (PCB). Its products are mainly used in the production of electronic circuit board, radio, television, calculator, computer, communication device, automobile electronics and domestic appliances.

Tongling Huarui is a sino-foreign joint venture company established in the PRC on 17 March 2000 with a total investment fund of approximately US\$17.194 million (approximately HK\$134 million). Its registered capital and fully paid-up capital are US\$12.45 million (approximately HK\$97 million) and US\$8.5 million (approximately HK\$66 million) respectively. It is located in the Tongling Economic & Technological Development Zone of Auhui, the PRC with site and production area of 25,000 sqm and 10,000 sqm respectively. It employs a workforce of about 130 experienced staff and professionals.

Tongling Huarui commenced its trial production on 28 November 2000 and produced its first batch of copper clad laminate FR-4 products in March 2001. Its production, manufacturing and services in FR-4 series of pressured plate with covering copper foil layer have gained recognition from Underwriters Laboratories Inc. (USA) and have been awarded ISO9001 Certificate of Quality Management System Registration by the American Systems Registrar in June 2001.

Tongling Huarui distributes its products to the domestic markets. For the six months period ended 31 August 2001, the production volume of Tongling Huarui was 110,000 sqm representing 3% of its production capacity. Tongling Huarui is expected to have full scale of production starting from January 2002 and its annual production is expected to reach approximately 4,000,000 sqm for that year.

As at 31 August 2001, the net asset value of Tongling Huarui amounted to about RMB61.68 million (approximately HK\$58.19 million). For the period from date of incorporation to 31 August 2001, the net profit after taxation of Tongling Huarui amounted to about RMB2.03 million (approximately HK\$1.92 million). The financial statements of Tongling Huarui have been prepared in accordance with the standards, accounting principles generally accepted in PRC.

Reason and benefit of the acquisition

The Company is an investment holding company. The Group is principally engaged in the research, design, integration and supply of automation and control system, components, software applications, products and services for the automation of various major industries and buildings.

According to the electronic industry market report in 2000, the production scale of PCB in the PRC ranked 4th in the world and its ranking is expected to remain for the year 2001. PCB is a key material for electronic appliances. The demand for PCB is heavy in the electronic data processing and communication industries particularly for quality products. According to the information given by the "Information Property Department" (信息產業部經運司), the worldwide demand for "electronic products market" in year 2000 reached US\$1,138 billion (approximately HK\$8,876.4 billion), of which the PRC shared 4.28%. It is estimated that the global demand will rise 4.6%, reaching a figure of US\$1,190 billion for year 2001, of which the PRC will have a sharing of 11.2% increment, reaching US\$54.1 billion (approximately HK\$421.98 billion). Despite of the recent overseas economic turndown, the Directors believe that the sales will not be much affected as the sales of Tongling Huarui are made to the domestic market.

The Directors believe that the investment is in line with the Group's business plan for co-operation and investment projects with strategic partners as outlined in the Prospectus. The Directors also believe that the investment would enable the Company to achieve its stated strategy of improving technology in the design, development and quality of its products. In particular, the Directors are of the view that the Company would benefit from co-operating with Tongling Huarui in terms of obtaining first-hand information relating to the latest technology development in PCBs which may benefit the Company in development advanced PCBs for its integrated system products and in maintaining its leading position in the automation industry. PCBs are key components of the Company's supply of automation and control system products. When developing the hot back-up/redundancy controller modules for the automation system, it is found that more than 50% of failures are due to the flaws in PCBs. Because the environment of automation system is very rigorous, the demand for high quality PCBs in controller modules is very much higher than that of common electronic products. The PCBs for common electronic products such as computers and PDAs cannot pass the industrial test to be used in controller modules of the automation and control system. Tongling Huarui is one of the several manufacturers of high quality PCBs in China. With access to Tongling Huarui's products and know-how, the Company can expect to develop higher quality controller modules in its automation and control system which can be used in a much more rigorous environment. The Company intends to hold this investment as a long-term investment.

The investment is funded from internal resources and profit of the Company as to the payment of HK\$31 million and as to the balance of HK\$18 million, payable over 8 years, will be funded from future profit of the Company and bank borrowing (if necessary). For the year ended 30 June 2001, the audited profit after taxation of the Company amounted to RMB60.44 million (approximately HK\$57.02 million) which was announced on 20 September 2001.

(2) GENERAL

A circular containing, among other things, details of the Transaction will be dispatched to the shareholders of the Company as soon as possible.

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

“Agreement”	The agreement dated 26 September 2001 entered into between the Vendor and the Company for the sale and purchase of the Sale Shares together with the Shareholder's Loan
“Tongling Huarui”	銅陵華瑞電子材料有限公司(Tongling Huarui Electronic Materials Co., Ltd.), a sino-foreign joint venture enterprise established in the PRC, an independent third party to the Company
“Company”	Techwayson Holdings Limited
“Directors”	The directors of the Company
“Group”	The Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administration Region of the People's Republic of China

“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market operated by the Stock Exchange
“LIBOR”	London Inter-Bank Offered Rate
“PRC”	The People’s Republic of China
“RMB”	Reminbi, the lawful currency of the PRC
“Sale Shares”	100 shares of US\$1.0 each in the issued capital of Techwire registered in the name of the Vendor, representing the entire issued share capital of Techwire
“Shareholder’s Loan”	loan of HK\$31,020,325 due and owing by Techwire to the Vendor
“Techwire”	Techwire Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, an independent third party to and not connected with the Company and its subsidiaries as well as the directors, chief executives, management shareholders or substantial shareholders of the Company, any of its subsidiaries or their respective associates
“Term-Loan”	An amount of HK\$18 million owed by Techwire to Committee of Tongling Economy and Technology Development Zone
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	The sale and purchase of the Sale Shares together with the Shareholder’s Loan pursuant to the Agreement
“Vendor”	Mr. CHEN Jian Jun, independent third party to and not connected with the Company and its subsidiaries as well as the directors, chief executives, management shareholders or substantial shareholders of the Company, any of its subsidiaries or their respective associates

By order of the Board of
Techwayson Holdings Limited
Sze Kwan
Chairman

Hong Kong, 28 September 2001

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting.

** For identification purpose only*