The Board of Directors (the "Directors") of Techwayson Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2002, together with the comparative figures for the corresponding period in the preceding year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	**For the six months ended 31 December 2002**	2001
		RMB'000	RMB'000
Turnover	*3*	**59,248**	90,229
Materials and equipment	*3*	**(39,205)**	(47,897)
		20,043	42,332
Other revenue		**61**	3,279
Staff costs	*5*	**(3,224)**	(3,607)
Amortisation of software development cost		**(2,473)**	–
Depreciation of equipment and furniture		**(753)**	(547)
Provision for warranty costs		**(17)**	(1,259)
Other operating expenses		**(3,862)**	(3,774)
Profit from operations		**9,775**	36,424
Finance cost		**(244)**	–
Profit before taxation	*6*	**9,531**	36,424
Taxation	*7*	**(1,025)**	(818)
Profit attributable to shareholders		**8,506**	35,606
Earnings per share	*8*		
– Basic		**RMB2.43 cents**	RMB10.17 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**31 December 2002 (Unaudited)**	30 June 2002 (Audited)
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Equipment and furniture	*10*	**3,036**	2,990
Property under development	*10*	**68,268**	11,886
Software development cost	*10*	**21,218**	23,691
Investment in securities		**51,940**	51,940
Total non-current assets		**144,462**	90,507
CURRENT ASSETS			
Inventories	*11*	**5,840**	1,594
Prepayment, deposits and other current assets		**17,616**	1,328
Trade receivables	*12*	**55,655**	49,552
Pledged fixed deposit	*13*	**4,304**	–
Cash and bank deposits		**22,109**	70,547
Total current assets		**105,524**	123,021
CURRENT LIABILITIES			
Trade payables	*14*	**(21,861)**	(7,341)
Bills payable		**(12,646)**	–
Accruals and other payable		**(9,655)**	(9,282)
Warranty provision	*15*	**(38)**	(84)
Receipts in advance		**(3,675)**	(775)
Loans payable	*16*	**(4,385)**	(5,578)
Taxation payable		**(2,676)**	(2,737)
Bank overdraft, unsecured		**(5)**	–
Total current liabilities		**(54,941)**	(25,797)
Net current assets		**50,583**	97,224
Total assets less current liabilities		**195,045**	187,731
NON-CURRENT LIABILITIES			
Loans payable	*16*	**(14,310)**	(15,502)
Net assets		**180,735**	172,229
CAPITAL AND RESERVES			
SHARE CAPITAL	17	**37,100**	37,100
RESERVES		**143,635**	135,129
		180,735	172,229

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 31 December	
	2002	2001
	RMB'000	RMB'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**15,664**	23,364
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(57,174)**	(745)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES	**(41,510)**	22,619
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(2,629)**	(30,860)
DECREASE IN CASH AND CASH EQUIVALENTS	**(44,139)**	(8,241)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**70,547**	56,568
CASH AND CASH EQUIVALENTS, END OF PERIOD	**26,408**	48,327
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Pledged bank deposits	**4,304**	–
Cash and bank deposits	**22,109**	48,327
Bank overdraft, unsecured	**(5)**	–
	26,408	48,327

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Share premium	Statutory reserve funds	Capital reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2002	7,160	5,309	13,841	108,819	135,129
Profit attributable to shareholders	–	–	–	8,506	8,506
As at 31 December 2002	7,160	5,309	13,841	117,325	143,635
As at 30 June 2001	7,160	5,309	13,841	63,789	90,099
Profit attributable to shareholders	–	–	–	35,606	35,606
As at 31 December 2001	7,160	5,309	13,841	99,395	125,705

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

1. BACKGROUND OF THE COMPANY

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 ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 February 2001. On 29 January 2003, the Company withdrew the listing of its shares on GEM and on the same date, the Company's shares were listed on the Main Board of the Stock Exchange by way of introduction.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

a) Basis of preparation

The condensed financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA"). The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2002, except as described below.

In the current period, the Group has adopted, for the first time, the following SSAPs issued by the HKSA which became effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34 (revised)	:	Employee benefits

The adoption of these standards has resulted in a change in the format of presentation of the condensed consolidated cash flow statement and consolidated statement of changes in equities, but has not had any significant impact on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

b) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

c) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

c) Employee benefits *(Continued)*

(ii) Contributions to Mandatory Provident Funds for Hong Kong staff as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and contributions to pension schemes for PRC staff as stipulated by rules and regulations in Mainland China are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.

(iii) When the Group grants employees options to acquire shares of the Company at nil consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

3. TURNOVER

The Group's turnover represented revenue generated from fixed price contracts in respect of (i) sales of system control equipment and software products, and (ii) fees for system integration services and was further classified under the heading of industrial automation services and building automation services. The Group's revenue from fixed price contracts is stated after deducting Mainland China value-added tax and city and county maintenance tax.

	For the six months ended 31 December					
	Building automation 2002 (Unaudited)	**Industrial automation 2002 (Unaudited)**	**Total 2002 (Unaudited)**	Building automation 2001 (Unaudited)	Industrial automation 2001 (Unaudited)	Total 2001 (Unaudited)
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Income from fixed price contracts						
– Sales of system control equipment and software products	**1,961**	**56,674**	**58,635**	63,221	787	64,008
– Fees for system integration services	**474**	**139**	**613**	26,171	50	26,221
	2,435	**56,813**	**59,248**	89,392	837	90,229
Materials and equipment	**(1,439)**	**(37,766)**	**(39,205)**	(47,316)	(581)	(47,897)
	996	**19,047**	**20,043**	42,076	256	42,332

4. SEGMENT INFORMATION

The Group has only one significant single geographical segment which is Mainland China. Accordingly, the segment information for this sole geographical segment is equivalent to the consolidated figures.

	Building automation 6 months ended 31 December		Industrial automation 6 months ended 31 December		Consolidated 6 months ended 31 December	
	2002 (Unaudited)	2001 (Unaudited)	**2002 (Unaudited)**	2001 (Unaudited)	**2002 (Unaudited)**	2001 (Unaudited)
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
REVENUE						
Sales of system control equipment and software products	**1,961**	63,221	**56,674**	787	**58,635**	64,008
System Integration	**474**	26,171	**139**	50	**613**	26,221
	2,435	89,392	**56,813**	837	**59,248**	90,229
SEGMENT RESULT						
Sales of system control equipment and software products	**519**	15,023	**16,420**	195	**16,939**	15,218
System Integration	**85**	25,806	**25**	49	**110**	25,855
	604	40,829	**16,445**	244	**17,049**	41,073
Sundry income					**61**	3,279
Unallocated expenses					**(7,335)**	(7,928)
Profit from operations					**9,775**	36,424
Finance costs					**(244)**	–
Profit before taxation					**9,531**	36,424
Taxation					**(1,025)**	(818)
Profit after taxation					**8,506**	35,606
OTHER INFORMATION						
Amortisation of software development costs						
Sales of system control equipments and software products	**–**	–	**2,473**	–	**2,473**	–
System Integration	**–**	–	**–**	–	**–**	–
	–	–	**2,473**	–	**2,473**	–

4. SEGMENT INFORMATION *(Continued)*

	Building automation		Industrial automation		Consolidated	
	31 December 2002 (Unaudited)	30 June 2002 (Audited)	**31 December 2002 (Unaudited)**	30 June 2002 (Audited)	**31 December 2002 (Unaudited)**	30 June 2002 (Audited)
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
BALANCE SHEET						
ASSETS						
Segment assets						
Sales of system control equipment and software products	**5,530**	301	**79,592**	58,565	**85,122**	58,866
System Integration	**1,337**	15,635	**558**	336	**1,895**	15,971
	6,867	15,936	**80,150**	58,901	**87,017**	74,837
Unallocated assets					**162,969**	138,691
Consolidated total assets					**249,986**	213,528
LIABILITIES						
Segment liabilities						
Sales of system control equipment and software products	**208**	64	**42,771**	8,892	**42,979**	8,956
System Integration	**51**	1,151	**15**	461	**66**	1,612
	259	1,215	**42,786**	9,353	**43,045**	10,568
Unallocated liabilities					**26,206**	30,731
Consolidated total liabilities					**69,251**	41,299

5. STAFF COSTS

	For the 6 months ended 31 December	
	2002 (Unaudited)	2001 (Unaudited)
	RMB'000	RMB'000
Wages and salaries	**3,086**	3,480
Social security costs	**78**	94
Pension costs – defined contribution plans	**60**	33
	3,224	3,607

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the 6 months ended 31 December	
	2002	2001
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank overdrafts and loans repayable within five years	**81**	–
Interest on other loan wholly repayable after five years	**163**	–

7. TAXATION

Taxation consists of:

	For the 6 months ended 31 December	
	2002	2001
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current taxation		
– Mainland China enterprise income tax	**898**	818
– Hong Kong profits tax	**127**	–
	1,025	818

a) Overseas income tax

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2020. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income taxes.

b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16% (2001: Nil) on the estimated assessable profits arising in Hong Kong during the period.

c) Mainland China enterprise income tax

Taxation arising in Mainland China is calculated at the rates prevailing in Mainland China.

Techwayson Industrial Ltd., being a High-Tech enterprise and a wholly-owned subsidiary established and operated in a special economic zone in Mainland China, is subject to Mainland China enterprise income tax at a rate of 15%. 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. The tax exemption period expired on 31 December 2000 and thereafter, the company is subject to 50% tax reduction for the next three years until 31 December 2003, and followed by the other three years of tax reduction period until 31 December 2006 provided it remains as a High-Tech enterprise.

The Group did not have material unprovided deferred taxation at 31 December 2002 (30 June 2002: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2002 is based on the consolidated profit attributable to shareholders of approximately RMB8,506,000 (2001: RMB35,606,000) and the weighted averaged number of 350,000,000 shares (2001: 350,000,000 shares) in issue during the period.

Diluted earnings per share was not presented because there was no dilutive potential ordinary shares in issue during the six months ended 31 December 2001 and 2002.

9. DIVIDEND

The directors do not recommend the payment of dividend for the six months ended 31 December 2002 (2001: Nil).

10. CAPITAL EXPENDITURE

	Equipment furniture	**Software development cost**	**Property under development**
	RMB'000	RMB'000	RMB'000
Net book value at 1 July 2002	2,990	23,691	11,886
Other additions	799	–	56,382
Depreciation/amortisation	(753)	(2,473)	–
Net book value at 31 December 2002	3,036	21,218	68,268

The property under development represented the payments to a construction company for the construction of the Group's new office building and the cost of the underlying land. The property is located in Mainland China on a medium term leasehold land. The Group has obtained the land use right certificate on 24 January 2003.

11. INVENTORIES

	31 December 2002 (Unaudited)	30 June 2002 (Audited)
	RMB'000	RMB'000
Raw materials	**1,272**	627
Work in progress	**2,559**	–
Finished goods	**2,009**	967
	5,840	1,594

No inventory was stated at net realisable value as at 31 December 2002 (30 June 2002: Nil).

12. TRADE RECEIVABLES

Ageing analysis of trade receivables is as follows:

	31 December 2002 (Unaudited) RMB'000	30 June 2002 (Audited) RMB'000
Current to 60 days	**50,116**	33,655
61 - 90 days	**5,509**	168
91 - 360 days	**30**	15,729
	55,655	49,552

Customers are normally required to settle the debts within two weeks upon issue of invoices.

13. PLEDGED FIXED DEPOSIT

As at 31 December 2002, fixed deposit of approximately RMB4,304,000 (30 June 2002: Nil) had been pledged to banks to secure banking facilities granted to the Group during the period.

14. TRADE PAYABLES

Ageing analysis of trade payable is as follows.

	31 December 2002 (Unaudited) RMB'000	30 June 2002 (Audited) RMB'000
Current to 60 days	**16,168**	7,295
61 - 90 days	**5,690**	1
91 - 360 days	**3**	45
	21,861	7,341

15. WARRANTY PROVISION

	RMB'000
As at 1 July 2002	84
Additional provision	17
Utilisation of provision	(9)
Unused amounts reversed during the period	(54)
As at 31st December 2002	38

The warranty provision represented management's best estimate of the Group's liability under 6 month to 36 month warrants issued on system control equipment and software products and system integration services based on historical experience and management's estimate of level of future claims.

16. LOANS PAYABLE

	31 December 2002 (Unaudited) RMB'000	30 June 2002 (Audited) RMB'000
Other loans, unsecured		
– Interest bearing at LIBOR plus 0.5% p.a.	**16,695**	19,080
– Non-interest bearing	**2,000**	2,000
	18,695	21,080
Current portion of loans	**(4,385)**	(5,578)
	14,310	15,502

As at 31 December 2002, the Group's other loans were repayable as follows:

	Other loans	
	At 31 December 2002 (Unaudited) RMB	At 30 June 2002 (Audited) RMB
Within one year	**4,385**	5,578
In the second year	**2,385**	2,385
In the third to fifth year	**7,155**	7,155
After the fifth year	**4,770**	5,962
	18,695	21,080

17. SHARE CAPITAL

There were no movements in the share capital of the Company during the period under review.

18. COMMITMENTS

a) Capital commitments

	At 31 December 2002 (Unaudited)	At 30 June 2002 (Audited)
	RMB'000	RMB'000
Property under development		
Contracted but not provided for	**59,500**	115,500

b) Operating lease commitments

At the balance sheet date, the Group had commitments for future lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	At 31 December 2002 (Unaudited)	At 30 June 2002 (Audited)
	RMB'000	RMB'000
Within 1 year	**1,958**	1,337
After 1 year but within 5 years	**1,244**	1,432
	3,202	2,769

19. CHARGE ON ASSETS

As at 31 December 2002, banking facilities of approximately RMB23,000,000 extended to a subsidiary were secured by corporate guarantee provided by the Company and time deposits amounting to 30% of the facilities utilised. At the same date, time deposits of RMB4,303,000 was pledged as a security for the facilities.

20. CONTINGENT LIABILITIES

As at 31 December 2002, the Company had provided corporate guarantees to banks in respect of banking facilities utilised by a subsidiary amounting to approximately RMB12,646,000.

CCIF

Charles Chan, Ip & Fung CPA Ltd.
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF TECHWAYSON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 13.

Directors' Responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited required the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by the directors.

Review Work Performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review Conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 December 2002.

Charles Chan, Ip & Fung CPA Ltd.
Certified Public Accountants

Chan Wai Dune, Charles
Practising Certificate Number P00712

Hong Kong
24 March 2003

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2002 (2001: NIL).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 31 December 2002, the Group has recorded an unaudited figure of a total turnover of approximately RMB59,248,000, representing a 34% decrease when compared with the corresponding period of 2001. The decrease is due to keen competition of the market, slow progress of the major projects and difficult economic environment in the international arena.

During the period under review, the Company has lowered its pricing in order to remain competitive. Distribution business, which has a profit margin of approximately 3%, has started to contribute to the revenue of the Company. As a result, the gross profit has dropped to approximately RMB20,043,000, a decline of 53% when compared with the figure for the corresponding period of 2001.

The Company's application for listing on the Main Board of the Stock Exchange was approved in January 2003. Its stock was first traded on the Main Board on 29 January 2003 with the stock code 2330. Although the Listing Rules do not require companies to announce quarterly results, the Company will keep on doing so in order to provide the investors with more updated information about its performance. The Company believes that such practice would enhance investor's confidence towards the Company.

Following China's entry into WTO, the market is changing rapidly. Multinational corporations (MNCs) are more aggressive in expanding its market by various localization practices. The Company was aware of the situation in the beginning of the financial year and carried out a nation-wide market survey in August 2002 to study the automation market in China, covering control systems and various automation products. The survey lasted for 4 months. The results of the survey provide the Company with the first-hand information on customers' needs and competitors' activities. It is the ground for the formulation of the Company's strategies in the future.

The total market size of Automation in China is estimated at RMB200 billion in 2002, with 95% market share occupied by foreign companies. No dominant player is identified. The Company believes that there is a high potential for growth for local companies. The Company will keep on adopting a flexible marketing strategy in order to expand its revenue, market share and customer base. The prime concern lies on the long-term development. Through the cooperation with MNCs in various aspects, the Company is expected to benefit in the promotion of its own corporate branding and fast development of sales channels.

The Company has already renewed the distribution contracts with Rockwell of the United States, Invensys of U.K. and Ortronics of United States. The one with Omron of Japan is under negotiation and expected to be concluded by the end of March 2003.

Research & Development is crucial to the further development of the Company. During the period under review, the Company has decided to build its own R&D Centre in Shenzhen. The land occupies a gross area of approximately 8000 square metres for about RMB1.6 million. The Land Use Right lasts for 50 years and the certificate was issued on 24 January 2003. Construction cost is estimated to be RMB120 million. 50% of the cost was paid as deposit to the contractor during the six months ended 31 December 2002. Balance is to be settled by internal funding upon the completion of the building in 2004.

OUTLOOK

Looking into the future, it is expected that OEM and distribution business will play an important role in the Company's overall performance in the next 5 years. The Company will invest more resources in the development of sales channels in order to grasp this opportunity for expansion.

R&D capability is one of the competitive edges of the Company in winning systems integration projects and distribution agreements. The Company will continue investing in R&D, especially in the specialization and diversification of its proprietary products for IAS and BAS.

To conclude, the Company is optimistic about the future of its business. In the IAS segment, opportunities still exist in emerging industries such as urban railway and public utilities. In addition, demand for intelligent buildings and quality housing estates remain strong, creating rooms for expansion for the BAS segment. The newly developed OEM and distribution business showed encouraging results. However, taking into consideration of the difficult economic conditions worldwide, the Company will carry on the cautious approach in its expansion.

FINANCE

Profit attributable to shareholders

For the six months ended 31 December 2002, profit attributable to shareholders reduced by approximately RMB27,100,000 to approximately RMB8,506,000, representing a 76% decrease as compared with the corresponding period in 2001. Such decrease was primarily due to keen competition of the market, slow progress of the major projects and difficult economic environment in the international arena.

Earnings per share for the six months ended 31 December 2002 declined to RMB2.43 cents from RMB10.17 cents for the corresponding period in 2001.

Liquidity and capital resources

As of 31 December 2002 and 31 December 2001, a majority of the Group's debt was denominated in Hong Kong Dollars, unsecured and interest bearing at LIBOR plus 0.5%. Since inception, the Group has not been granted any banking facilities, subsequent to the year-end date of 2002, the Group has been granted two banking facilities amounting to HK$10 million and US$1.5 million with effect from 26 September 2002 and 21 October 2002 respectively. The incomes of the Group were dominated either in Hong Kong Dollar or Renminbi and the Group had adequate recurring cash flow to meet maturing borrowings. The Group adhered to a prudent policy on financial risk management and the management of currency and interest rate exposures. Hence the Group's exposure to fluctuations in the exchange rate was considered to be minimal and there was seldom any need to make use of financial instruments for hedging purposes.

The borrowing maturity profiles of the Group as at 31 December 2002 is analysed as follows:

	At 31 December 2002 (Unaudited) RMB'000
Repayable within one year	4,385
Repayable after 1 year but within 2 years	2,385
Repayable after 2 years but within 5 years	7,155
Over 5 years	4,770
	18,695

As at 31 December 2002, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets was 7% (2001: 10%). The management believes that the gearing ratio is at an acceptable level for the Group and the Group would be able to create sufficient financial resources to discharge its debt.

As at 31 December 2002, a subsidiary was granted banking facilities of approximately HK$10 million and US 1.5 million which were secured by corporate guarantee provided by the Company and time deposits of approximately RMB4.3 million. As at 31 December 2002, the Company had contingent liabilities amounting to approximately RMB12.6 million, due to the provision of such corporate guarantee in respect of banking facilities utilised by that subsidiary.

As at 31 December 2001, the Group has had no charge on their assets nor any contingent liabilities.

Other than those disclosed in the Company's prospectus and listing documents dated 31 January 2001 and 30 December 2002 respectively under the section headed "Business Objectives and Future Prospects" and "Future Plans and Prospects" respectively, there has been no material change in the Group's future plan for material investments and acquisition of material capital assets as at 31 December 2002.

Significant Investment

In September 2001, the Group acquired an effective 18.52% interest in Tongling Huarui Electronic Materials Co. Ltd. ("Tongling"), a sino-foreign joint venture enterprise established in the PRC, as a long-term investment. Tongling 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). As of 31 December 2002, Tongling reported an unaudited net tangible asset value of approximately RMB103.76 million (as of 31 December 2001: approximately RMB64.51 million). As no dividend was declared by Tongling for its financial year ended 31 December 2002, no dividend income was received by the Company during the six months under review in respect of the investment in Tongling.

Segmental Information

With the contribution from the OEM and distribution business, the segment of Industrial Automation System (IAS) has recorded a significant increase in turnover by 70 times when compared with the corresponding period of 2001. The profit margin remained at about 34%. The Company believes such business will grow as the sales channels become more mature and more principals join hands with the Company. However, it is expected that the profit margin of this segment will drop to approximately 15% in 2003, similar to that of the international players in the automation industry.

Turnover from Building Automation System (BAS) has declined by 97%, compared with the corresponding period of 2001, due to keen competition and the delay of projects in the period. The fluctuation in turnover of this segment is mainly due to the project basis nature of BAS. The Company expects the situation to be improved in the second half of the financial year when SmartHome and the Company's other proprietary products for BAS are ready to market. In the meantime, the Company is developing the sales channels for distribution.

Employee information

For the six months ended 31 December 2002, the Group has recorded staff costs of approximately RMB3,224,000 representing 10.62% decrease from approximately RMB3,607,000 for the corresponding period in 2001. The number of staff was reduced from 100 employees (as of 31 December 2001) to 79 employees (as of 31 December 2002). The Group encourages slim organisation with high productivity and provides competitive remuneration packages to employees commensurable to market level in the business in which the Group operates their qualifications. Incentive schemes composed of discretionary bonus and other merit payments to reward employees based on performance are also offered. The Group also provides mandatory provident fund, medical benefits and external training programs for all staff.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2002, the interests of the Directors in the share capital of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of director	Nature of interests	Number of shares held
Dr. SZE Kwan	Corporate	161,700,000*

* 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, directors of the Company.

Saved as disclosed above, as at 31 December 2002, none of the Directors or their associates had any interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, 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) were directly or indirectly interested in 10% or more of the Company's issued share capital:

Name	Number of shares hold	Approximate Shareholding
Otto Link Technology Limited[1]	161,700,000	46.20%
Goldwiz Technology Limited	61,824,000	17.66%
Goldwiz Holdings Limited[2]	61,824,000	17.66%
Mr. Siu Ting	38,976,000	11.14%

Note:

1. Otto Link Technology Limited is beneficially owned as to 80% by Dr. Sze Kwan who is the Chairman of the Company and 20% by Mr. Tung Fai who is a director of the Company.

   In order to comply with the minimum public float requirement as stated in rule 8.08(1) of the Listing Rules, Otto Link Technology Limited, the controlling shareholder, disposed of 6,300,000 Shares (equivalent to approximately 1.80% of the existing issued share capital of the Company) to 7 individual investors who are independent third parties, and not connected with any director, chief executive or substantial shareholders of the Company, any of its subsidiaries or their respective associates ("Transaction"). The Transaction was completed on 24 December 2002.

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

Save as disclosed above, the Directors are not aware of any person having a direct or indirect interest of 10% or more in the issued share capital of the Company as at 31 December 2002.

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 (the "Scheme") 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.

During the six months ended 31 December 2002, no option was granted, exercised or cancelled by the Company under the Scheme.

AUDIT COMMITTEE

The Company established an audit committee on 27 November 2000 with written terms of reference. The duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises two independent non-executive directors, namely Mr. Wee Soon Chiang and Mr. Wong Kam Kau. The interim results for the six months ended 31 December 2002 have not been audited by the Group's auditors, Charles Chan, Ip & Fung CPA Ltd, but have been reviewed by the audit committee, who were of the opinion that the preparation of such result complied with applicable accounting standards and legal requirements and that adequate disclosures had been made.

The Group's auditors has carried out a review of the unaudited interim financial statements for the six months ended 31 December 2002 in accordance with the statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 31 December 2002.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of the Stock Exchange at any time during the six months ended 31 December 2002.

By Order of the Board
SZE Kwan
Chairman

Hong Kong, 24 March 2003