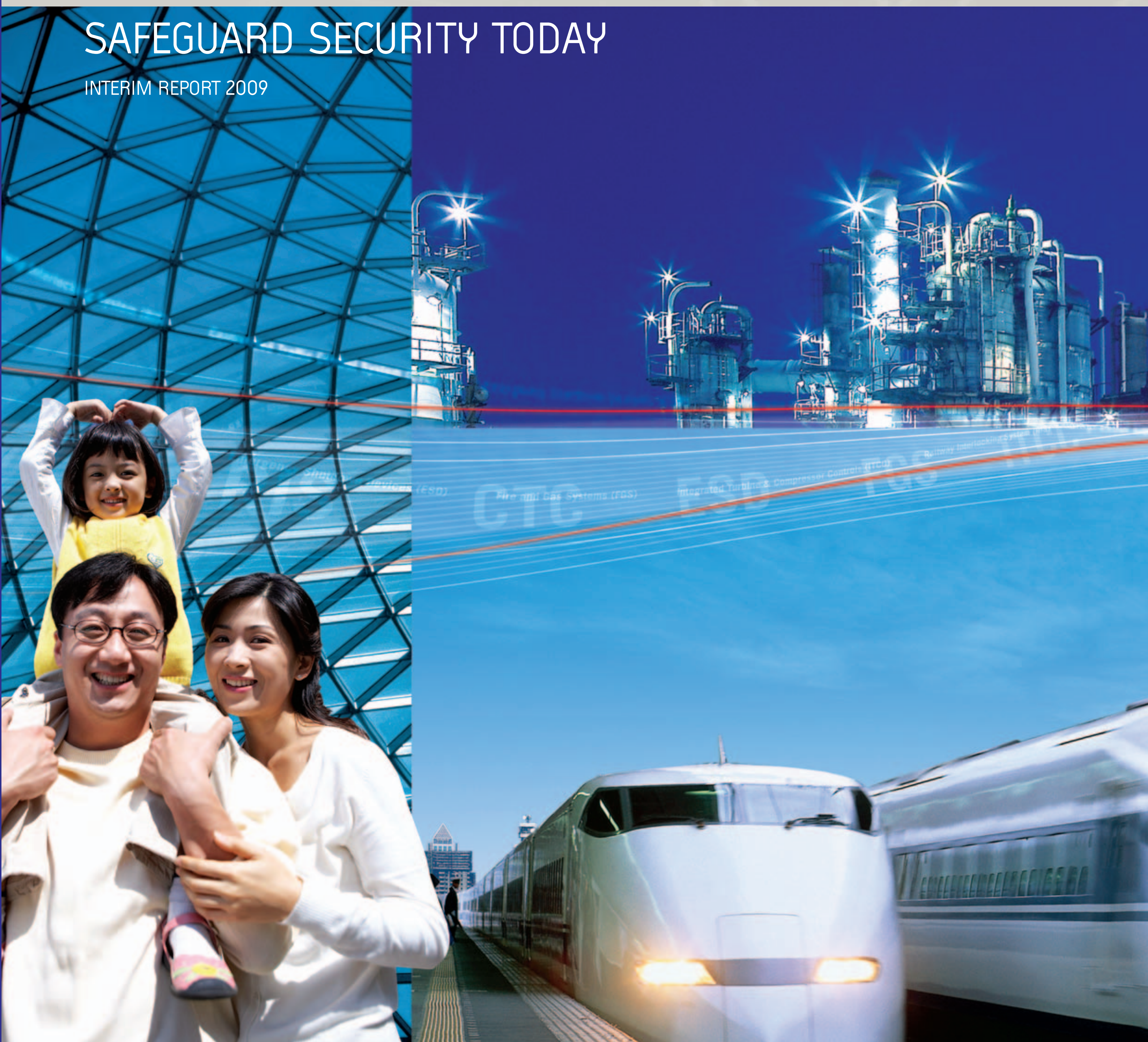
China Automation Group Limited
中國自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 569)

APPLY TOMORROW'S TECHNOLOGY,
SAFEGUARD SECURITY TODAY

INTERIM REPORT 2009



Contents

Result Highlights

HIGHLIGHTS

- The Group achieved revenue of RMB529.1 million for the six months ended 30 June 2009 which represents an increase of approximately 29.4% as compared with that of the corresponding period of previous year.

- Net profit attributable to equity holders increased by 37.5% to RMB107.4 million as compared with that of the corresponding period of previous year.

- Earnings per share of the Group were approximately RMB11.48 cents (1H 2008: RMB8.78 cents) for the six months ended 30 June 2009.

- The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

The board of directors of the Company (the "Board") is pleased to announce the unaudited results of China Automation Group Limited and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2009 (the "period under review").

INDUSTRY REVIEW AND OUTLOOK

INDUSTRY REVIEW

The safety control solutions provided by the Group are mainly used in the petrochemical industry and the railway industry.

In the first half of 2009, the oil price fluctuation finally returned to a steadily rising trend. The global economy saw a turnaround under the stimulus measures implemented by various governments. Supported by the recovery of global economy and the PRC government's revitalisation programme for petrochemical industry and the RMB4-trillion economic stimulus plan to boost domestic demand and maintain economic growth, the Group's petrochemical business maintained its steady growth while the railway business grew rapidly.

PETROCHEMICAL INDUSTRY

Traditional petrochemical industry

Ethylene refining is the development focus of petrochemical industry in the PRC in recent years. The width and depth of the ethylene refining industry have been expanding along with the growth of GDP.

In the second half of 2008, the petrochemical industry of the PRC was under severe pressures and challenges arising from the financial crisis and down cycle of the industry. In view of the adverse conditions, the State launched the Reform and Revitalisation Plan for the Petrochemical Industry in February 2009, which aimed to rationalise the structure of petrochemical industry through the integration of oil refinery-petro-chemical businesses, centralisation of operation, scale of economy, development of sustainable operation, protection of environmental and promotion of production safety. The importance of the petrochemical industry shall be further enhanced by improving its competitiveness through industry restructuring. This provides a clear direction and great opportunity for the development of the oil refinery and petrochemical industry.

The promotion of integration of petrochemical industry boosted the demand for the comprehensive services provided by the Group and supported the growth of our petrochemical business.

In view of the relative slowdown of the petrochemical market in the first half of the year, the Group proactively adjusted its operating strategies, such as actively expanding its markets and optimising its product mix. In addition to gradually developing the middle and down stream petrochemical markets, the Group will also expand its business into the up stream petrochemical market. By implementing a series of operating measures, such as strengthening its management and cost control, the Group fully capitalized its advantages in the integration of up- and down-stream petrochemical markets, and maintain its outstanding performance in the petrochemical industry.

Coal chemical industry

In the first half of 2009, the rebound of international oil price fortified the development of coal chemical industry. The progress of the coal chemical projects of the PRC was satisfactory. Not many coal chemical projects came into operation due to low methanol price and other unfavourable market factors. Nevertheless, it is clear that the coal chemical industry of the PRC has been supported by national policies. Coal liquefaction, coal-based alkene, dimethyl ether, coal-derived natural gas and coal-derived glycol industries were included in the petrochemical revitalisation programme. In light of the recovery of the petrochemical industry and the support of national policies, investors are still very interested in coal chemical projects.

RAILWAY INDUSTRY

According to the 2009 Overall Development Planning Meeting, the Ministry of Railways will implement the major central policies for boosting domestic demand and maintaining stable and rapid economic growth of the PRC and carry out the decisions made in the Central Economic Working Conference, the State Development and Reform Working Conference and the State Railways Working Conference. The Ministry of Railway will carry out the preparation for development projects and speed up railway construction. The railway network will be improved to increase its transportation capacity. Further investment will be made for the modernisation of railway equipment. Efforts will also be made in energy saving and environmental protection as well as military logistics. All these aim at achieving a rapid development of efficient railways system.

In the first half of 2009, the State implemented a series of the abovementioned measures to encourage the railway construction and stimulate the domestic demand, which provided a favourable policy environment supporting the development of the railway industry. Meanwhile, in the first half of the year, the railway industry was developed vigorously due to the sufficiency of liquidity and decrease of construction materials price.

As at the end of 2008, among the new railway projects pending approval, there were 23 passenger railway lines with a total length of 8,900 kilometres, and approvals of which are expected to be obtained within 1 to 2 years.

In respect of urban rail transportation, following the implementation of economic policies for boosting domestic demand and maintaining growth by the government, more investments were made on infrastructure projects. Various policies and plans for railway construction in different cities were launched by the local governments. According to the first urban rail transport project proposal approved by the State Council, a total investment of nearly RMB700 billion will be made by 2015 for a planned rail length of 2,400 kilometres. As at November 2008, RMB100 billion was invested.

In addition to developing the state-owned railway and local railway business on a gradual basis, the Group has also grasped opportunities to expand its urban rail transport business. To increase its operating profits, the Group aims to transform itself from a provider of computerised railway signal interlocking system to the general contractor for the PRC rail transport signaling industry. In the first half of the year, the railway business of the Group has developed rapidly.

INDUSTRY OUTLOOK

Petrochemical Industry

In 2008, the total volume of processed crude oil increased before it dropped and in line with the change in demand of oil. The oil refinery industry of the PRC is highly fragmented and the overall capacity is far behind other major oil refining countries. In the medium to long run, the growth of oil refining capability of the PRC will still lag behind the development of economy.

With regard to the refined oil market, it is estimated that the consumption of refined oil by the PRC in these two years will amount to 214 million tonnes and 220 tonnes respectively and there may be over-supply of refined oil under the prolonged impacts of global financial crisis on domestic retail market. However, the growth potential of the domestic market in the medium to long run remains large as the inelastic demand for refined oil persists. It is expected that the demand for refined oil from the PRC will reach 280 tonnes by 2015. The market prospect in the long run remains positive.

Coal chemical industry

In the second half of 2009, it is expected that the decline in demand for downstream products and imported products will continue to pose challenges to the PRC coal chemical industry and corporate profitability and project progresses will still depend on the general economic environment. Since the coal chemical industry, which provides liquidized fuel and electric power and basic raw materials such as chemicals, is closely related to the economic development, its recovery will definitely come along with the revival of the domestic and international markets. As the steel and cement prices remain low due to the economic recession, enterprises will speed up the construction of coal chemical projects so as to prepare for the next development cycle of resources chemical industry.

Profitability of coal chemical industry will improve when the international oil price bottoms out. The market prospect is promising. With the advocating of low carbon economic development, there is increasing concern towards the effective-and-clean use of coal and emission of carbon dioxide.

As such, the prospects for coal chemical industry will remain bright in the second half of 2009.

Railway Industry

According to the annual development planning of the Ministry of Railways, the total fixed investment of railways amounts to RMB700.7 billion, with 5,148 kilometres of planned new railway lines and 5,849 kilometres of new railway lines coming into operation in 2009. Two-way railway lines of 3,462 kilometres will commence construction and 4,662 kilometres of railway lines will commence operation. Electrified railway of 5,606 kilometres will commence operation. 80 new projects will start construction with an additional investment of RMB1.5 trillion. Given that the investment in railway industry in the second half of the year is generally more than that in the first half, state-owned railways will continue to grow rapidly in the second half of the year.

For urban rail transportation, during the first half of 2009, 28 cities have filed papers to the State for approval of transportation projects, 19 of which have been approved. These 19 urban plans include the construction of 70 urban railways completed by 2015 with a total length of approximately 2,100 km and a total investment of over RMB800 billion. Moreover, 46 railways in 14 cities with a total length of 1,212.3 km are still under construction. The urban transportation plans filed by the 28 cities intends to build 91 railways with a total length of 2,600 km and a total investment of over RMB1,000 billion.

By August 2009, as approved by the State Council, the number of cities, which were approved for urban transportation, was increased to 22. The total number of urban railways to be constructed was increased to 79 with a total length of 2,259.84 km and a total investment of RMB882.003 billion. As known, there are almost 50 cities that have the needs for and conditions of the construction of urban transportation. However, there are urban transportation systems in only ten cities. All these underpin a promising future for the urban transportation market.

BUSINESS REVIEW

Leveraging its leadership in the niche markets, solid foundation of large customer base as well as the key competitive advantages in product application track record, software customization ability and localized after-sales services, the Group is in an excellent position to capture market opportunities and increase its market share. The Group achieved excellent results for the six months ended 30 June 2009.

Turnover analysis by business segment

	Six months ended 30 June		
	2009 (RMB' million)	2008 (RMB'million)	Change (%)
System sales			
- Petrochemical	**198.7**	182.3	+9.0
- Railway	**213.5**	121.8	+75.3
Sub-total	**412.2**	304.1	+35.5
Provision of engineering and maintenance services	**45.9**	32.3	+42.1
Distribution of equipment	**71.0**	72.4	-1.9
Total	**529.1**	408.8	+29.4

Gross profit analysis by business segment

	Six months ended 30 June		
	2009 (%)	2008 (%)	Change (%)
System sales			
- Petrochemical	**51.5**	45.3	+6.2
- Railway	**45.8**	32.6	+13.2
Sub-total	**48.6**	40.2	+8.4
Provision of engineering and maintenance services	**69.7**	74.4	-4.7
Distribution of equipment	**12.0**	19.3	-7.3
Total	**45.5**	39.2	+6.3

System sales to petrochemical industries

For the six months ended 30 June 2009, revenue generated from system sales in relation to petrochemical industries increased by 9.0% to RMB198.7 million (1H 2008: RMB182.3 million). The increase was mainly attributable to (i) growing awareness of industrial safety and the implementation of national industrial standards, all of which were backed by substantial capital expenditures; (ii) the ability of the Group to provide a full set of safety and critical control solutions ("whole plant package") for the chemical, oil and gas, petrochemical, coal chemical plants whilst its competitors could only provide either Integrated Turbine and Compressor Control ("ITCC") or Emergency Shutdown Device ("ESD") and Fire and Gas System ("FGS") and obviously these plants prefers the whole plant package as it would be more easy for them in terms of interface implementation, operation and maximum reliability assurance. As such, the Group always manages to bring about the cross delivery of ESD and FGS through its dominant market position of ITCC and therefore further increased its market share in the provision of safety and critical control systems in this niche market; (iii) the rapid growth of the coal chemical industry has become a major characteristic of the petrochemical sector in the PRC. Supported by the recent pick up of the oil price in the first half of 2009, the construction of coal chemical plants as demonstration projects (including coal to oil, coal to ethylene, coal to natural gas, etc) are progressing as scheduled for strategic development reasons as China is rich in coal but lack of crude oil. All the above factors brought about a strong growth momentum for system sales in relation to the petrochemical industry for the six months ended 30 June 2009.

The gross profit margin increased from 45.3% to 51.5% was mainly due to (i) the favourable change in product mix of which the proportion of revenue related to the higher margin ITCC systems increased relative to ESD and FGS for the six months ended 30 June 2009; (ii) delivery of more systems in relation to whole plant package for safety and critical control systems of which the competition was very limited therefore at times there had been even single tender or invited bids for system provision and therefore enjoyed a higher margin; and (iii) increase in delivery of higher margin systems related to foreign invested projects which demanded higher engineering standards and complexity and therefore enjoyed a higher margin.

System sales to railway industries

For the six months ended 30 June 2009, revenue generated from system sales in relation to railway industries increased by 75.3% to RMB213.5 million (1H 2008: RMB121.8 million). The significant increase in revenue was mainly attributable to (i) significant organic growth achieved by the Group as it is one of the only four licensees granted by Ministry of Railways for provision of railway signaling systems as well as its leading products and services against the backdrop that the railway construction and rail transportation are the two infrastructural sectors that are vigorously developed in China; (ii) partial recognition of revenue in relation to Chongqing Metro Line number III; and (iii) partial recognition of revenue in relation to Centralized Traffic Control System ("CTC") delivery for Daqin Railway (大秦線), from Datong (大同市) in Shanxi Province (山西省) to Qinhuangdao (秦皇島市) in Hebei Province (河北省).

The gross profit margin increased from 32.6% to 45.8% was mainly due to (i) implementation of more stringent project management and cost control measures on project execution; (ii) provision of lower deferred income for its Railway Interlocking System ("RIS") products in view of the decreasing maintenance cost for its products over the track record since these products have been becoming more and more mature and reliable; and (iii) a greater percentage of local content from PRC instead of Japanese suppliers, resulting in lower hardware and raw material cost; and (iv) fast growth of the retrofit and upgrade project business which had a higher margin.

Provision of engineering and maintenance services

For the six months ended 30 June 2009, the revenue generated from provision of engineering and maintenance services increased by 42.1% to RMB45.9 million (1H 2008: RMB32.3 million) was mainly due to more software upgrade and replacement, cartridge upgrade and replacement resulting from the enlarged installation base for the petrochemical business; as well as the start-up of paid maintenance services in railway segment achieved by the Group due to acceptance of paid maintenance services by the existing and new installation client base. The overall gross profit margin decreased by 4.7 percentage points to 69.7% as compared with the corresponding period of the previous year. The decrease in gross profit margin was due to more system upgrade including hardware, software and engineering services. The gross profit margin for these maintenance services including the hardware was lower than that of the pure engineering services business.

Starting from this year, the Group managed to negotiate successfully with the major clients for the provision of RIS systems without the provision of life cycle maintenance services. The railway clients such as the Ministry of Railways began to realize that by subscribing to maintenance services, the quality of services and the overall system effectiveness will be improved. The management of the Group expects that with a relatively large and expanding installation client base for both the petrochemical and railway business, there is a huge potential of the after sales engineering support services to become a significant and stable source of recurring revenue.

In view of this, the Group had expanded its engineering service by setting up subsidiaries in Tokyo and Dubai to explore to the overseas petrochemical markets and thus boost the revenue of engineering and maintenance services in the near future.

Distribution of equipment

For the six months ended 30 June 2009, revenue in relation to equipment distribution decreased marginally by 1.9% to approximately RMB71.0 million (1H 2008: RMB72.4 million). However, the contribution from equipment distribution booked for the period under review were mainly related to automation welding machines (自動點悍系統) for petrochemical business whilst there were more incidental orders in relation to spot welding machines (車體總組成點焊機) and spot welding robot systems (8軸龍門式點悍機器人系統) for train body assembly for China North and South rolling stocks and locomotives corporations for the corresponding period of previous year. The management of the Group considered the equipment distribution business as incidental to its core system sales as well as provision of engineering and maintenance services business.

For the six months ended 30 June 2009, the gross profit margin of equipment distribution business lowered by 7.3 percentage points to 12% (1H 2008: 19.3%) due to (i) the appreciation of Japanese Yen and therefore lowered the margin for contracts with Japanese suppliers; and (ii) keen competition in the relevant markets.

Looking forward, the management of the Group believes that this equipment distribution business would have excellent potential in the forthcoming years given the expanding railway transportation network as well as the significant capital expenditures in the refineries, chemical and petrochemical plants in the PRC.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2009, revenue of the Group increased by 29.4% to RMB529.1 million (1H 2008: RMB408.8 million), compared with that of the corresponding period of last year.

The Group has adopted IFRS 8 Operating Segments with effective from 1 January 2009. Information reported to the Group's Chief Executive Officer and Operating Management Committee which is considered as the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment focuses more specifically on the category of customer. The principal categories of customers are petrochemical and railway. The revenue of the Group related to petrochemical and railway increased by 25.1% and 35.0% to RMB284.5 million (1H 2008: RMB227.5 million) and RMB244.6 million (1H 2008: RMB181.2 million) respectively.

On the basis of types of goods and services supplied by the Group, the revenue related to system sales, provision of engineering and maintenance services as well as distribution of equipment amounted to RMB412.2 million, RMB45.9 million and RMB71.0 million respectively.

These revenue figures represented a growth of 35.5% and 42.1% for system sales and provision of engineering and maintenance services respectively but a decrease of 1.9% for the distribution of equipment compared with that of the corresponding period of previous year.

Out of the RMB412.2 million revenue generated from system sales, the revenue related to petrochemical and railway increased by 9.0% and 75.3% to RMB198.7 million (1H 2008: RMB182.3 million) and RMB213.5 million (1H 2008: RMB121.8 million) respectively. For the petrochemical business, the growth was mainly attributable to the favourable industrial environment as the PRC Government maintained the capital expenditures on the construction of the refineries, chemical, petrochemical and coal chemical plants. The growth was also due to the increasing awareness of industrial safety and the implementation of national industrial safety standards regulations. Capitalizing on the Group's leading position in this niche market and concerted sales and marketing effort, the revenue increased despite the gloomy economic environment. For the railway business, the significant revenue surge was mainly attributable to (i) significant organic growth achieved by the Group as it is one of the only four licensees granted by the Ministry of Railways for the provision of railway signaling systems as well as its leading products and services as the railway construction and rail transportation are the two infrastructural sectors that are vigorously developed by the PRC; and (ii) recognition of revenue in relation to its metro project as well as its CTC project.

The revenue generated from the provision of engineering and maintenance services increased by 42.1% to RMB45.9 million (1H 2008: RMB32.3 million) was mainly due to improved recurring maintenance business resulting from the enlarged installation client base for the petrochemical business; as well as the start-up of paid maintenance services in railway segment achieved by the Group due to acceptance of paid maintenance services by the existing and new installation base.

Revenue of the equipment distribution business decreased slightly by 1.9%. During the period under review, a larger proportion of revenue was attributable to the petrochemical industry while the large orders in relation to spot welding machines and spot welding robot systems for train body assembly business from the customers were booked for the corresponding period of last year.

In terms of business segment, 77.9% (1H 2008: 74.4%) of the revenue was generated from system sales, 8.7% (1H 2008: 7.9%) from the provision of engineering and maintenance services and 13.4% (1H 2008: 17.7%) was from distribution of equipment for the six months ended 30 June 2009.

Gross profit

Gross profit for the six months ended 30 June 2009 was RMB240.7 million, representing an increase of RMB80.4 million or 50.2% over that of the corresponding period of last year.

The gross profit margin rose by 6.3% to 45.5% for the six months ended 30 June 2009 (1H 2008: 39.2%). The significant improvement in the overall gross profit margin of the Group was mainly attributable to the increase of 8.4% in gross profit margin achieved by system sales. This business segment accounted for 77.9% of the Group revenue for the six months ended 30 June 2009.

For detailed gross profit margin analysis, please refer to the business review section.

Other income

For the six months ended 30 June 2009, other income increased by RMB4.2 million to RMB10.0 million. Thanks to government grant in relation to the VAT refund from local tax bureau for the transaction of preferential policy on corporation tax of software manufacturer.

Selling and distribution expenses

Selling and distribution expenses for the six months ended 30 June 2009 were RMB41.5 million, which increased by 91.4% compared with that of the corresponding period of last year.

Such a significant increase was mainly attributable to (i) the increase in staff costs resulted from increased staff head-count for both petrochemical and railway business as well as overall improved staff salaries and benefits in order to cope with the growing markets; (ii) the increase in technology consultancy fees and commission in relation to international projects; and (iii) more entertainment and traveling expenses incurred in line with the expanding sales and services network and coverage in the PRC.

Administrative expenses

Administrative expenses for the six months ended 30 June 2009 were RMB65.4 million, representing an increase of 34.0% when compared with that of the corresponding period of previous year.

Such a significant increase was mainly attributable to (i) the increase in staff costs for the increased middle management staff members and the overall improved staff remuneration; (ii) increased traveling and entertainment expenses as well as office supplies, which were in line with the expanding business operation and emerging market opportunities; (iii) increase in office expenses including rental expenses as more new offices were rented in order to cope with growing business activities; (iv) more R&D expenses for new product developments in order to create a synergy with the existing products; and (v) more legal and professional fees incurred in the context of tax planning, financial, investments, mergers and acquisitions advice to strengthen the corporate governance of the Group.

Share of results of associates

No share of results of associates for the six months ended 30 June 2009. (1H 2008: RMB2.9 million primarily reflected the results achieved by Beijing Jiaoda Microunion Technology Co. Ltd. ("BJM") during that period of which the Group had an equity interest of 46.97% at the time).

Finance costs

Finance costs for the six months ended 30 June 2009 increased by RMB5.8 million to RMB7.3 million. Such increase was mainly attributable to increased bank charges and interest expenses in line with the higher utilization of trade finance and invoice financing as well as working capital loans for the period under review.

Income tax expenses

Income tax expenses amounted to RMB12.2 million for the six months ended 30 June 2009 which was more or less the same as that for the corresponding period of previous year (1H 2008: RMB12.3 million). This was mainly attributable to the fact that most of the Group's major operating subsidiaries were on tax concession for the six months ended 30 June 2009 which was same as the corresponding period of previous year.

Nevertheless, the effective tax rate of the Group for the six months ended 30 June 2009 lowered by 3.7% to 8.9% (1H 2008: 12.6%) was mainly due to the fact that certain operating subsidiaries had prudently provided for a 25% enterprise income tax instead of the preferential tax rate at 15% of the estimated assessable profit in the previous. By that time, these operating subsidiaries were still awaiting the final approval of the "New and High Tech Enterprises" status with applicable enterprise income tax rate at 15%.

Profit for the year

As a result of the foregoing, the Group recorded a net profit of the Company of RMB124.3 million for the six months ended 30 June 2009, representing an increase of RMB39.5 million or 46.6% as when compared with that of the corresponding period last year. Net profit margin of the Company increased by 2.8 percentage points to 23.5% for the six months ended 30 June 2009 (1H 2008: 20.7%).

Liquidity, financial resources and capital structure

The Group remained in a strong capital and cash position for the period under review.

The net cash from operating activities of the Group increased by RMB74.9 million to RMB75.5 million for the six months ended 30 June 2009 (1H 2008: RMB0.6 million), which was mainly attributable to (i) the increase in profit before taxation of the Group by RMB39.5 million to RMB136.5 million for the six months ended 30 June 2009 (1H 2008: RMB97.0 million); and (ii) an increase of RMB78.8 in trade and bills payables.

Net cash used in investing activities of the Group decreased by RMB101.7 million to RMB102.1 million for the six months ended 30 June 2009 (1H 2008: RMB203.8 million). This was mainly due to the lack of significant investment during the period whilst there was a payment of consideration of RMB115.1 million for the acquisition of the equity interests in BJM for the corresponding period of last year.

Net cash from financing activities decreased by RMB106 million to RMB136.8 million for the six months ended 30 June 2009 (1H 2008: RMB242.8 million) was mainly due to (i) a decrease of RMB59.4 million in net borrowings raised during the period; (ii) a decrease of RMB31.1 million in net proceeds received from the issue of new shares in May 2009, compared with the share placement completed in February 2008; and (iii) an RMB10.2 million increase in dividends paid.

As at 30 June 2009, cash and bank balances (including bank deposits under conditions) amounted to RMB582 million (31 December 2008: RMB392.1 million). The working capital (net current assets) of the Group as at 30 June 2009 amounted to RMB896.5 million (31 December 2008: RMB650.9 million), representing an increase of 37.7% from previous year-end. The current ratio remained at a healthy level of 2.8 times (31 December 2008: 2.6 times).

Management Discussion and Analysis

Gearing position

The Group's prudent financial management policies enabled it to maintain a healthy net cash and bank balance of RMB345.7 million as at 30 June 2009 (31 December 2008: RMB197.7 million). All of which was deposited with commercial banks.

As at 30 June 2009, the total liabilities to shareholders equity increased to 48.5% (31 December 2008: 50.3%). Total liabilities of the Group amounted to RMB607.9 million (31 December 2008: RMB498.4 million).

As at 30 June 2009, the bank borrowings of the Group amounted to RMB236.3 million (31 December 2008: RMB194.4). All of which was related to trade finance and invoice financing as well as working capital loans.

The management of the Group is confident that the Group's existing financial resources and financing facilities will be sufficient for its future expansion plans. Should other opportunities arise requiring additional funding, the management also believes that the Group is in a good position to obtain financing on favourable terms.

Significant investments, mergers and acquisitions

For the six month ended 30 June 2009, the Group had no other significant investments, mergers and acquisitions and disposals of any subsidiaries and associated companies.

Contingent liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

FUTURE OUTLOOK

Being the largest safety and critical control integrated solution provider in the PRC petrochemical industry and one of the major providers of computerised railway signal interlocking system, the Group will continue to leverage its own strengths in product, technology, market and engineering service to rapidly boost the railway signaling business and steadily develop the petrochemical business to facilitate the organic integration and balanced development of both business segments.

Petrochemical business

- Organic growth

  For the first half of the year, the petrochemical industry and the railway industry saw signs of steady economic recovery. The Group will take full advantage of this growing market momentum and the benefits from a series of national economic stimulus policies for the petrochemical industry launched since the last quarter of 2008 to maintain the stable organic growth of its petrochemical business. These stimulus policies included tax exemption and reduction for low-emission vehicles, increase in allowances for agricultural machinery, economic stimulus packages for vehicle industry, the Implementation Plan for Boosting Domestic Demand and Encouraging Replacement of Obsolete Vehicles and Home Electrical Appliances and economic stimulus packages for petrochemical.

  With the growth of the existing market, the Group will make use of existing technologies and resources to actively develop other products, technologies and solutions related to the automation industry so as to further expand its market share. Besides, it will actively capitalise on the Group's accumulated market, manpower and technical resources to strive to become the core integrated automation solution provider in the petrochemical industry within the next few years.

- Expanding overseas markets

  Apart from stabilizing and expanding its market share in the existing PRC petrochemical industry, the Group will actively develop overseas operations. The Group intends to, on the basis of the existing presence in North America and Singapore, established branches Dubai and Japan to develop the international market and provide the Group's quality automation products and technical services to overseas customers to enhance our profit margins in overseas markets, thus bringing new momentum to the overall growth of the Group.

Railway signaling business

- Organic growth

  For the stated-owned railway business, the Group will continue to improve its existing signaling product systems and swiftly establish its express railway signaling control system product series through independent research and development and external cooperation. Moreover, it will seize the market opportunities of special passenger lines and express railways to take full advantage of the RMB4 trillion economy stimulus plan introduced by the PRC government, the Medium-to-long-term Rail Network Development Plan issued by the MOR and other provincial and municipal development plans for urban rail transport and maintain the rapid growth of the Company's railway business.

  The Company will leverage its technological edge in the existing railway signaling business to actively expand the urban rail transport communication signaling business and develop product series such as urban rail transport train operation protection system (ATP) and train automatic operation system (ATO). It will also capitalise on the advantage of the Group as one of the manufacturers designated by the National Development and Reform Commission for the production of domestic communication signaling equipment. As the general contractor for the PRC rail transport signaling industry, the Group will undertake more railway and urban rail communication signaling projects throughout the country.

  For local and industrial ore railways, the Group will leverage its existing advantages to actively develop the market and establish an integrated product system through independent research and development and external cooperation. Given the fact that more existing control system products are developed based on the management technologies urgently required for local railways and industrial ore railways, the Group will strive to become the leader of local and industrial ore railway management and control technology in the PRC.

- Investment and mergers and acquisitions

  The Group will actively expand our operations in railway and urban rail transport through joint venture, investment and mergers and acquisitions. Apart from the original communication signaling products and technologies, the Group will capitalise on its accumulated advantages in control technology to actively develop products, technologies and markets related to the rail vehicle industry and control. As such, revenue derived from the railway and urban rail industries will become the most important growth driver for the Group.

  The Group is actively identifying enterprises in the railway industry which have competitive edges in independent intellectual property rights, core technologies, marketing, sales and engineering resources and deliver high synergy with the Company's existing petrochemical safety and critical control system, railway signaling and related transportation control system business as targets for investment and acquisition.

  To sum up, the Group will devote more efforts to the development of the railway communication signaling business in 2009 and the coming years while developing the petrochemical business steadily. Besides, the Group aims at maximizing returns for its shareholders through its organic growth, investment as well as mergers and acquisitions.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF CHINA AUTOMATION GROUP LIMITED（中國自動化集團有限公司）

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40, which comprise the condensed consolidated statement of financial position of China Automation Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 September 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 RMB'000 (unaudited)	Six months ended 30 June 2008 RMB'000 (unaudited)
Revenue	3	**529,135**	408,751
Cost of sales		**(288,480)**	(248,498)
Gross profit		**240,655**	160,253
Other income	4	**10,023**	5,838
Selling and distribution expenses		**(41,540)**	(21,699)
Administrative expenses		**(65,399)**	(48,789)
Finance costs		**(7,284)**	(1,469)
Share of results of an associate		**—**	2,906
Profit before tax		**136,455**	97,040
Income tax expense	5	**(12,161)**	(12,273)
Profit for the period	6	**124,294**	84,767
Other comprehensive income for the period			
Exchange differences arising on translation of foreign operations		**95**	(1,199)
Total comprehensive income for the period		**124,389**	83,568
Profit for the period attributable to:			
Owners of the Company		**107,427**	78,089
Minority interests		**16,867**	6,678
		124,294	84,767
Total comprehensive income attributable to:			
Owners of the Company		**107,522**	76,890
Minority interests		**16,867**	6,678
		124,389	83,568
Earnings per share	8		
Basic (RMB cents)		**11.48**	8.78
Diluted (RMB cents)		**11.47**	8.74

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	9	**62,024**	53,873
Prepaid lease payments		**25,230**	25,522
Intangible assets	10	**275,395**	275,388
Goodwill	11	**76,175**	72,778
Deferred tax assets	12	**16,136**	13,070
Available-for-sale financial assets	13	**3,373**	—
		458,333	440,631
Current Assets			
Inventories		**224,543**	200,363
Trade and bills receivables	14	**515,931**	404,384
Other receivables and prepayments		**78,470**	48,212
Amounts due from shareholders of subsidiaries		**2,000**	2,550
Amounts due from directors		**205**	—
Bank deposits under conditions	15	**162,984**	83,229
Bank balances and cash		**419,062**	308,918
		1,403,195	1,047,656
Current Liabilities			
Trade and bills payables	16	**163,155**	84,413
Other payables, deposits received and accruals		**102,220**	107,801
Amounts due to directors		**643**	—
Dividend payable		**7**	—
Tax liabilities		**4,391**	10,060
Borrowings	17	**236,320**	194,440
		506,736	396,714
Net Current Assets		**896,459**	650,942
Total Assets less Current Liabilities		**1,354,792**	1,091,573

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Capital and Reserves			
Issued capital	19	**9,274**	8,516
Reserves	20	**1,143,275**	895,453
Equity attributable to owners of the Company		**1,152,549**	903,969
Minority interests		**101,051**	85,887
Total Equity		**1,253,600**	989,856
Non-current liabilities			
Deferred tax liabilities	12	**39,027**	39,332
Deferred income	18	**62,165**	62,385
		101,192	101,717
Total equity and liabilities		**1,354,792**	1,091,573

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note 19a)	Statutory surplus reserves RMB'000 (Note 19b)	Contribution from owners RMB'000	Translation reserve RMB'000	Share option reserve RMB'000 (Note 19c)	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008 (audited)	7,772	356,783	(18,335)	11,152	619	(5,612)	3,409	206,291	562,079	1,221	563,300
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(1,199)	–	–	(1,199)	–	(1,199)
Profit for the period	–	–	–	–	–	–	–	78,089	78,089	6,678	84,767
Total comprehensive income or expense for the period	–	–	–	–	–	(1,199)	–	78,089	76,890	6,678	83,568
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	125,762	125,762
Appropriations to reserves	–	–	–	1,500	–	–	–	(1,500)	–	–	–
Dividends	–	–	–	–	–	–	–	(24,865)	(24,865)	–	(24,865)
Issue of ordinary shares	777	206,515	–	–	–	–	–	–	207,292	–	207,292
Shares issue expenses	–	(5,459)	–	–	–	–	–	–	(5,459)	–	(5,459)
Recognition of share-based payments	–	–	–	–	–	–	9,677	–	9,677	–	9,677
Stock repurchase	(3)	(684)	–	–	–	–	–	–	(687)	–	(687)
At 30 June 2008 (unaudited)	8,546	557,155	(18,335)	12,652	619	(6,811)	13,086	258,015	824,927	133,661	958,588
At 1 January 2009 (audited)	**8,516**	**553,813**	**(18,335)**	**24,222**	**619**	**(6,147)**	**23,748**	**317,533**	**903,969**	**85,887**	**989,856**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**95**	**–**	**–**	**95**	**–**	**95**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**107,427**	**107,427**	**16,867**	**124,294**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**95**	**–**	**107,427**	**107,522**	**16,867**	**124,389**
Acquisition of additional interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,703)**	**(1,703)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35,090)**	**(35,090)**	**–**	**(35,090)**
Issue of ordinary shares	**759**	**173,602**	**–**	**–**	**–**	**–**	**–**	**–**	**174,361**	**–**	**174,361**
Shares issue expenses	**–**	**(3,681)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,681)**	**–**	**(3,681)**
Recognition of share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**5,582**	**–**	**5,582**	**–**	**5,582**
Stock repurchase	**(1)**	**(113)**	**–**	**–**	**–**	**–**	**–**	**–**	**(114)**	**–**	**(114)**
At 30 June 2009 (unaudited)	**9,274**	**723,621**	**(18,335)**	**24,222**	**619**	**(6,052)**	**29,330**	**389,870**	**1,152,549**	**101,051**	**1,253,600**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash from operating activities	**75,519**	633
Interest received	**763**	3,029
Purchases of property, plant and equipment	**(11,820)**	(4,996)
Purchases of intangible assets	**—**	(6,105)
Purchases of available-for-sale financial assets	**(3,373)**	—
Payment of deposits for acquisition of leasehold land and buildings	**—**	(20,000)
Development costs paid	**(2,809)**	—
Increase in bank deposits under conditions	**(79,755)**	(60,656)
Acquisition of an associate	**—**	(175,956)
Acquisition of a subsidiary	**—**	60,913
Acquisition of additional interest in a subsidiary	**(5,100)**	—
Net cash used in investing activities	**(102,094)**	(203,771)
New borrowings raised	**170,600**	177,347
Interest paid	**(7,284)**	(1,469)
Repayments of borrowings	**(162,039)**	(109,347)
Dividends paid	**(35,083)**	(24,865)
Repurchase of shares	**(114)**	(687)
Shares issue expenses	**(3,681)**	(5,459)
Proceeds from issue of shares	**174,361**	207,292
Net cash from financing activities	**136,760**	242,812
Net increase in cash and cash equivalents	**110,185**	39,674
Cash and cash equivalents at 1 January	**308,918**	301,659
Effect of foreign exchange rate changes	**(41)**	(10,960)
Cash and cash equivalents at 30 June, represented by bank balances and cash	**419,062**	330,373

1. GENERAL AND BASIS OF PREPARATION

The Company was a limited company incorporated in the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman KY1-1111, Cayman Islands and its place of business in Hong Kong is located at Suite 3205B-3206, 32/F, Office Tower, Convention Plaza, No. 1, Harbour Road, Wanchai, Hong Kong. The Company is an investment holding company, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company's subsidiaries are principally engaged in the research and providing the solution for the safety and critical control system in chemical, petrochemical, coal chemical, oil and gas market and the railway safety control system in national railway/urban railway market.

The condensed consolidated financial statement of the Company and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with International Accounting Standard ("IAS"), 34 Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statement have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except described below:

In the current interim period, the Group has applied, for the first time, a number of new or revised standards, amendments and interpretations ("new or revised IFRS") which are effective for the Group's financial year beginning on 1 January 2009. In addition, the Group has applied the following policy applicable to its available-for-sale investments acquired during the current period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 3), but has had no impact on the reported results or financial position of the Group.

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, IAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

IAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognize all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalized as part of the cost of the qualifying asset. The Group has applied the accounting policy prospectively. The change in accounting policy has had no material impact on the reported results or financial position of the Group.

The adoption of the new or revised IFRS has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Available-for-sale financial assets (cont'd)

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Amendments to IFRS5 as part of Improvements to IFRSs issued in 2008[1]
IFRSs (Amendments)	Improvements to IFRSs issued in 2009[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 18	Transfers of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for transfers on or after 1 July 2009

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group has adopted IFRS 8 Operating Segments with effective from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior years, segment information reported externally was analyzed on the basis of the types of goods and services supplied by the Group's operating divisions (i.e. system sales, maintenance and engineering services, trading of equipment and software sales). However, information reported to the Group's Chief Executive Officer and Operating Management Committee which is considered as the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment focuses more specifically on the category of customer. The principal categories of customers are petrochemical and railway. The Group's reportable segments under IFRS 8 are therefore as follows:

Petrochemical sales – integration and sales of safety and critical control systems, trading of equipment, maintenance and engineering service and sales of software products for the petrochemical, chemical, oil and gas, coal chemical industries.

Railway sales – integration and sales of safety and critical control systems, trading of equipment, maintenance and engineering service and sales of software products for the railway industry

Information regarding the above segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8.

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

The following is an analysis of the Group's revenue and profit by operating segment for the period under review:

Six months ended 30 June 2009

	Petrochemical sales RMB'000	Railway sales RMB'000	Consolidated RMB'000
Revenue	284,544	244,591	529,135
Segment profit before tax	59,612	83,531	143,143
Income tax expense	(1,027)	(11,134)	(12,161)
Segment profit	58,585	72,397	130,982
Unallocated other income			63
Unallocated administration costs			(6,751)
Profit for the period			124,294

Six months ended 30 June 2008

	Petrochemical sales RMB'000	Railway sales RMB'000	Consolidated RMB'000
Revenue	227,548	181,203	408,751
Segment profit before tax	63,285	34,672	97,957
Income tax expense	(6,091)	(6,182)	(12,273)
Segment profit	57,194	28,490	85,684
Unallocated other income			704
Share of results of an associate	—	2,906	2,906
Unallocated administration costs			(4,527)
Profit for the period			84,767

All of the segment revenue reported above is from external customers.

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment profit represents the post-tax profit earned by each segment without allocation of central administration costs and interest income of the Company and share of result of an associate. This is the measure reported to the Group's Chief Executive Officer and Operating Management Committee for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segment:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Petrochemical sales	**876,760**	708,276
Railway sales	**849,792**	778,805
Total segment assets	**1,726,552**	1,487,081
Other unallocated amounts	**134,976**	1,206
Consolidated total assets	**1,861,528**	1,488,287

4. OTHER INCOME

	Six months ended 30 June	
	2009 RMB'000	2008 RMB'000
Interest income	**763**	3,029
Net foreign exchange gain	**—**	2,809
Government grant (Note)	**9,260**	—
	10,023	5,838

Note: The government grant represents the value added tax ("VAT") refund from local tax bureau in accordance with the preferential policy on VAT of software manufacturers.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current tax charge comprises:		
Hong Kong Profits Tax	**852**	—
PRC enterprise income tax	**13,983**	13,321
Other jurisdictions	**697**	—
	15,532	13,321
Deferred tax (note 12)	**(3,371)**	(1,048)
	12,161	12,273

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profit for the period.

PRC enterprise income tax is calculated at 25% on the estimated assessable profit of the Company's subsidiaries located in the PRC as determined in accordance with relevant tax rules and regulations in the PRC for the periods. Except for certain subsidiaries of the Company, which enjoyed a tax rate lower than 25% prior to 1 January 2008. The tax rate gradually increases to 25% over a five-year period from year 2008.

Beijing Consen Transportation Technology Co., Ltd. ("Beijing Transportation") and Beijing Jiaoda Microunion Technology Co., Ltd. ("Beijing Jiaoda Microunion") are qualified as "New and High Tech Enterprises" and subject to enterprise income tax at the preferential rate of 15% of the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. The certificates were obtained at the end of 2008. The enterprise income tax was estimated at the preferential rate of 15% (six months ended 30 June 2008: 25%) of the estimated assessable profit during the six months ended 30 June 2009.

Certain subsidiaries of the Company operating in the PRC are eligible for certain tax holiday and concession. The tax holiday and concession normally are in the form of two years tax exemption from the first profitable year, followed by a 50% reduction of the applicable tax rate in the following three years.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Cost of inventories expensed	**265,567**	230,392
Depreciation of property, plant and equipment	**3,669**	1,869
Amortisation of intangible assets (included in administrative expenses)	**2,802**	4,260
Amortisation of prepaid lease payments	**292**	176
Allowances for bad and doubtful debts	**—**	51
Share-based payments	**5,582**	9,677
Operating lease rentals in respect of rented premises	**9,084**	4,033
Net foreign exchange loss (gain)	**345**	(2,809)
Research and development expenses	**5,038**	2,624

7. DIVIDENDS

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Dividends paid	**35,090**	24,865

(a) During the period, a dividend of RMB35,090,000, RMB3.5 cents per share (2008: RMB24,865,000, RMB2.7 cents per share) was declared to shareholders as the final dividend for the immediate preceding financial year.

(b) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 and six months ended 30 June 2008.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
Earnings	**2009**	2008
	RMB'000	RMB'000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**107,427**	78,089

	Six months ended 30 June	
Number of shares	**2009**	2008
	'000 shares	'000 shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**935,509**	889,275
Effect of dilutive potential ordinary shares for share options	**895**	4,630
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**936,380**	893,905

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group purchased property, plant and equipment approximately RMB8,167,000 (six months ended 30 June 2008: RMB4,996,000) from third parties. In the six months ended 30 June 2008, the Group acquired property, plant and equipment of approximately RMB1,720,000 through the acquisition of Beijing Jiaoda Microunion.

In addition, the Group spent approximately RMB3,653,000 on the construction of its new office premises and buildings improvements in the current period.

10. INTANGIBLE ASSET

During the period, development costs of RMB2,809,000 (six months ended 30 June 2008: Nil) have been capitalized as intangible asset in the current period. During the six months ended 30 June 2008, the Group acquired license of RMB209,106,000, trademark of RMB75,607,000 and backlog orders of RMB7,755,000 through the acquisition of Beijing Jiaoda Microunion and the Group purchased other intangible assets approximately RMB6,082,000 from third parties.

11. GOODWILL

	2009	2008
	RMB'000	RMB'000
At 1 January	**72,778**	—
Transfer from interest in an associate arising from business combination achieved in stages	**—**	52,100
Arsing on acquisition of a subsidiary	**—**	4,614
Arising on acquisition of additional interest in a subsidiary	**3,397**	—
At 30 June	**76,175**	56,714

12. DEFERRED TAX ASSETS/LIABILITY

The deferred tax assets recognized by the Group and movements thereon during the reporting period are as follows:

	Allowance for doubtful debts	Deferred income	Tax losses	Fair value adjustment of intangible assets (note a)	Distributable profits of subsidiary (note b)	Other temporary difference (note c)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	188	—	—	—	—	120	308
Acquisition of a subsidiary	2,171	15,282	—	(73,111)	—	—	(55,658)
(Charge) credit to income statement	(167)	1,215	—	—	—	—	1,048
At 30 June 2008	2,192	16,497	—	(73,111)	—	120	(54,302)
At 1 January 2009	**1,322**	**9,358**	**637**	**(38,332)**	**(1,000)**	**1,753**	**(26,262)**
(Charge) credit to income statement	**—**	**(33)**	**677**	**305**	**—**	**2,422**	**3,371**
At 30 June 2009	**1,322**	**9,325**	**1,314**	**(38,027)**	**(1,000)**	**4,175**	**(22,891)**

Notes:

(a) Deferred tax liabilities of fair value adjustment recognized by the Group represented the fair value adjustment on intangible assets arising from the business acquisition.

(b) Under the PRC Tax Law, withholding tax is imposed on dividends declared in respect of profit earned by PRC subsidiaries from 1 January 2008 onwards at 5% according the relevant tax treaties. During the reporting period, deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries generated during the period amounting to RMB126,464,000 (six months ended 30 June 2008: RMB98,281,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(c) Other temporary differences mainly represent the temporary differences arising from the leasehold improvements, unpaid payroll and unexercised share option expenses.

12. DEFERRED TAX ASSETS/LIABILITY (CONT'D)

The following is the analysis of the deferred tax balances for financial reporting purpose:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Deferred income tax assets	**16,136**	13,070
Deferred income tax liabilities	**(39,027)**	(39,332)
	(22,891)	(26,262)

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2009 RMB'000	31 December 2008 RMB'000
Unlisted equity investment, at cost less impairment	**3,373**	—

The unlisted equity investment represents equity investments in a private entity established in the United States of America ("USA"). It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair values cannot be measured reliably.

14. TRADE AND BILLS RECEIVABLES

The normal credit period except for the retention receivables granted to the Group's customer is 90 to 365 days. The following is an aged analysis of trade and bills receivables at the reporting date:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0-90 days	**280,887**	233,761
91-180 days	**30,348**	64,471
181-365 days	**167,164**	79,382
1-2 years	**35,155**	25,507
2-3 years	**2,377**	1,263
	515,931	404,384

15. BANK DEPOSITS UNDER CONDITIONS

	30 June 2009 RMB'000	31 December 2008 RMB'000
Other bank deposits (Note a)	**99,520**	19,019
Pledged bank deposits (Note b)	**63,464**	64,210
	162,984	83,229

Notes:

(a) The Group was covenanted to maintain deposits of RMB99,520,000 with a bank as condition precedent to the bank borrowings of RMB98,000,000.

(b) Bank deposits have been pledged to secure banking facilities granted to the Group.

16. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the reporting dates:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0-90 days	**127,168**	32,914
91-180 days	**5,640**	2,453
181-365 days	**4,884**	10,410
1-2 years	**16,010**	36,066
2-3 years	**8,018**	2,570
Over 3 years	**1,435**	—
	163,155	84,413

17. BORROWINGS

During the period, the Group obtained new bank loans amounting to approximately RMB170,600,000 (six months ended 2008: RMB177,347,000) and repaid bank loans amounting to approximately RMB162,039,000 (six months ended 2008: RMB109,347,000). The loans carry interest at market rates of 2.16% to 7.47% (six months ended 2008: 5.25% to 7.47%) and are repayable in installments within one year. The proceeds were used to finance capital expenditure and general working capital of the Group.

At 30 June 2009, certain assets of the Group with aggregate carrying value of RMB143,311,000 (2008: RMB74,644,000) were pledged as security for loan facilities granted by banks.

18. DEFERRED INCOME

	2009	2008
	RMB'000	RMB'000
At 1 January	**62,385**	—
Acquisition of a subsidiary	**—**	62,984
Addition	**945**	3,002
Released to income statement	**(1,165)**	—
At 30 June	**62,165**	65,986

The Company's subsidiary, Beijing Jiaoda Microunion, has entered into arrangement to provide maintenance and operational services for the systems installed of up to ten years and it recognizes revenue when the services are provided using the percentage of completion method. Service fees received in advance are recorded as deferred income and recognized as service fee income when the services are rendered.

19. ISSUED CAPITAL

	Number of shares	Amount
		HK'000
Authorized:		
Ordinary shares of HK$0.01 each at 1 January 2009 and 30 June 2009	3,000,000,000	30,000
Issued and fully paid:		
Ordinary shares of HK$0.01 at 1 January 2009	909,256,000	9,093
Issue of new shares through placement (Note a)	86,000,000	860
Share repurchased and cancelled (Note b)	(84,000)	(0.8)
At 30 June 2009	995,172,000	9,952
		RMB'000
Shown in the condensed consolidated financial statements at 30 June 2009		**9,274**

Notes:

(a) Pursuant to a placing and subscription agreement dated 5 May 2009, 126,000,000 shares of HK$0.01 each in the share capital then held by Consen Group Holding Inc. was placed on 8 May 2009 at placing price of HK$2.30 per share and subscription of new shares of 86,000,000 by Consen Group Holding Inc. (the "subscription") at the subscription price of HK$2.30 per share, ranking pari passu in all respects among themselves and with the existing issued share of HK$0.01 each in the share capital of the Company. The placements were completed on 19 May 2009.

(b) On 12 January, 2009, the Company repurchased certain of its own shares of 84,000 shares through the Stock Exchange at an aggregate consideration of HK$128,960 (equivalent to RMB114,000). All of the shares were subsequently cancelled. The nominal value of the cancelled shares of HK$840 (equivalent to RMB740) was charged in the share capital and the premium paid on repurchase of HK$128,120 (equivalent to RMB113,000) was charged against share premium in accordance with the Cayman Islands Companies Act.

Other than disclosed above, during the six month period ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

20. RESERVES

a. Other reserve

The other reserve represents amounts arising on the group reorganisation.

b. Statutory surplus reserves

As stipulated by the relevant PRC laws and regulations, before distribution of the net profit each year, the entities established in the PRC with limited liability shall set aside 10% of their net profit to the statutory surplus reserves. The statutory surplus reserves can only be used, upon approval by the board of directors of the relevant entities and by the relevant authority, to offset accumulated losses or increase capital.

c. Share option reserve

The share option reserve represents the recognition of the fair value of share options of the Company determined at the date of grant of the share options over the vesting period.

21. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

Option type	**Outstanding at 1 January 2009 and 30 June 2009**
2007B	**35,948,000**
2007C	**2,000,000**
2008A	**1,000,000**
	38,948,000

No share options were granted, exercised, lapsed or expired in the current period.

The Group recognized total expense of RMB5,582,000 (six months ended 2008: RMB9,677,000) for the six months ended 30 June 2009 in relation to the share options granted by the Company.

22. OPERATING LEASES

The Group as lessee

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

	30 June 2009 RMB'000	31 December 2008 RMB'000
Within one year	**16,153**	6,808
In the second to fifth year inclusive	**20,180**	4,025
	36,333	10,833

23. CAPITAL COMMITMENTS

	30 June 2009 RMB'000	31 December 2008 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements - in respect of acquisition of leasehold land and building	**37,079**	—

24. RELATED PARTY TRANSACTIONS

On 21 May 2009, Beijing Consen Automation Control Co., Ltd, a wholly owned subsidiary of the Company, acquired additional 5% equity interest in Beijing Transportation at a consideration of RMB5,100,000 from Mr. Yang Hong Yan, a director of Beijing Transportation. Upon completion of the acquisition, Beijing Transportation became a wholly owned subsidiary of the Company.

The amounts due from/to directors are unsecured, non-interest bearing and repayable on demand.

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Salaries and other benefits	**4,136**	4,683
Retirement benefit scheme contributions	**129**	69
Share-based payments	**1,892**	2,499
	6,157	7,251

INTERIM DIVIDEND

For the six months ended 30 June 2009, the board of directors of the Company ("Directors") has resolved not to declare any interim dividend.

USE OF NET IPO PROCEEDS

The Company raised an aggregate net proceeds of approximately HK$319.5 million from the issuance of equity securities pursuant to the issue of an aggregate of 230,000,000 shares of HK$0.01 each in the Company (the "Shares") pursuant to the Share Offer. As at 30 June 2009, the Group had used the net proceeds from the Share Offer as follows:-

	Net IPO proceeds		
Use of Proceeds	**Available**	**Utilised**	**Unutilised**
	(HK$ million)	(HK$ million)	(HK$ million)
Construction of a new complex	40.0	5.3	34.7
Research and development expenses	40.0	21.6	18.4
Expansion and improvement of the Group's sales network	30.0	30.0	—
Expansion and improvement of the Group's service network	25.0	5.8	19.2
Pursuing suitable acquisition	60.0	60.0	—
Setting up an overseas office	30.0	14.8	15.2
General corporate purposes and working capital	94.5	94.5	—
	319.5	232	85.5

As at 30 June 2009, the amount of unutilised proceeds from the Share Offer was approximately HK$85.5 million and will be used for other purposes as described in the prospectus of the Company dated 28 June 2007.

USE OF NET PLACING PROCEEDS

Pursuant to a placing and subscription agreement dated 5 May 2009 entered into among the Company, Consen Group Holding Inc. ("Consen Group"), CLSA Limited, Daiwa Securities SMBC Hong Kong Limited and Mr. Xuan Rui Guo which was completed on 15 May 2009, 126,000,000 Shares then held by Consen Group were placed at a placing price of HK$2.30 per Share (the "Placing") and subsequently Consen Group subscribed for the 86,000,000 new Shares were allotted and issued by the Company to Consen Group at a price of HK$2.3 per Share (the "Subscription") and such Shares ranked pari passu in all respects with the existing issued shares on completion date of the Subscription. The Placing and the Subscription are effected to raise funds for the long-term benefit of the Company. The net proceeds from the Subscription amounting to approximately HK$193.32 million were duly received by the Company on 15 May 2009. The Company intended to use the net proceeds of the Subscription for potential acquisition or investment opportunities in related businesses.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

The Group is exposed to the exchange rate risk between United States dollars and Renminbi. In practice, majority of the Group's sales are denominated in Renminbi. However, the purchases of raw materials from its suppliers are mainly denominated in United States dollar. Given the appreciation of Renminbi against the United States dollar announced in July 2005, favorable impacts are expected to be brought to the Group's future financial performance in terms of reducing raw material costs. The Group's bank deposits are predominantly denominated in Hong Kong dollars and Renminbi. The Directors are of the opinion that appreciation of Renminbi would not cause any significant adverse effect on the financial performance and position of the Group.

It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, will appropriately hedge its foreign currency exposure. For the six months ended 30 June 2009, the Company did not use any financial instruments or enter into any contracts in order to hedge against its foreign currency exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group had 738 employees (31 December 2008: 641).

The significant increase of 97 employees (representing 15.1% increase as compared with that as at 31 December 2008) was mainly due to (i) building up additional engineers and sales engineers resources for BJM and Beijing Consen Transportation Technology Co. Ltd. ("Beijing Transportation") to capture the emerging business opportunities related to the private local, national and metro railway markets; and (ii) additional engineers for development of process control system business and emerging downstream petrochemical business opportunities.

The emoluments payable to the employees of the Group are determined by their responsibilities, qualifications and experience and the related industrial practices.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Hong Kong Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Director's interests in the shares of the Company

	No. of shares						
Name of Director	Personal interest	Family interest	Corporate interest	Other interest	Interest in underlying shares pursuant to share options	Total	Approximate percentage of shareholding
Mr. Xuan Rui Guo (Note)	—	—	504,004,541	—	—	504,004,541	50.64%

Note: Consen Group is the legal and beneficial owner of 504,004,541 shares. Consen Group is wholly-owned by Consen Investments Holding Inc. ("Consen Investments"), which in turn is owned as to 50%, 25% and 25% by Mr. Xuan Rui Guo ("Mr. Xuan"), Mr. Huang Zhi Yong ("Mr. Huang") and Mr. Kuang Jian Ping ("Mr. Kuang") respectively. Accordingly, Mr. Xuan is deemed to be interested in the 504,004,541 shares held by Consen Group by virtue of the SFO.

(ii) Director's interests in the shares of associated corporations

Name of Associated corporation	Name of Directors	No. of shares Personal interest	Family interest	Corporate interest	Interest in underlying shares pursuant to share options	Total	Percentage of shareholding
Consen Investments	Mr. Xuan	500,000	—	—	—	500,000	50%
	Mr. Huang	250,000	—	—	—	250,000	25%
	Mr. Kuang	250,000	—	—	—	250,000	25%
Consen Group (Note)	Mr. Xuan	—	—	5,000,000	—	5,000,000	100%

Note: Consen Investments is the legal and beneficial owner of 5,000,000 shares in Consen Group. Consen Investments is legally and beneficial owned as to 50% by Mr. Xuan, 25% by Mr. Huang and 25% by Mr. Kuang. Accordingly, Mr. Xuan is deemed to be interested in the 5,000,000 shares held by Consen Investments in Consen Group.

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under the provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

(a) Interest in the Company

As at 30 June 2009, the persons (not being a Director or chief executive of the Company), had interests and short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:-

Name	Capacity	Number of shares	Percentage of holding
Consen Group	Registered & beneficial owner	504,004,541	50.64%
Consen Investments (Note 1)	Interest in a controlled corporation	504,004,541	50.64%
Equity Concept Investments Limited	Registered & beneficial owner	59,459,459	5.97%
Mr. Wei Yu Qian (Note 2)	Interest in a controlled corporation	59,459,459	5.97%

Notes:

1. Consen Group is wholly-owned by Consen Investments and therefore, Consen Investments is deemed to be interested in such 504,004,541 shares held by Consen Group under the SFO.

2. Equity Concept Investments Limited ("Equity Concept") is wholly-owned by Mr. Wei Yu Qian ("Mr. Wei") and Mr. Wei is therefore deemed to be interested in such 59,459,459 shares held by Equity Concept under the SFO.

(b) Interest in other members of the Group

As at 30 June 2009, so far as the Directors are aware, no persons were directly or indirectly interested in 10% or more of the voting power at any general meeting of any member of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2009, the Company has repurchased 84,000 shares through the Stock Exchange at an aggregate consideration of HK$128,960. All of the shares were subsequently cancelled. The nominal value of the cancelled shares of HK$840 was charged in the share capital and the premium paid on repurchase of HK$128,120 was charged against share premium account in accordance with the Cayman Islands Companies Act.

Details of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration
		Highest	Lowest	Paid
		HK$	HK$	HK$
Jan 2009	84,000	1.57	1.51	128,960

The repurchases of shares were made for the purpose of enhancement of shareholder value in the long term.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 16 June 2007 for the primary purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the following participants: (i) any executive or non-executive Directors including independent non-executive Directors or any employees (whether full-time or part-time) of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive Directors of each member of the Group; (iii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives of the Company or substantial shareholders of the Company; (v) any associates of directors, chief executive or substantial shareholder of the Company; and (vi) any employees (whether full-time or part-time) of substantial shareholders of the Company. The Scheme will remain valid for a period of ten years commencing on 16 June 2007.

As at 30 June 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 38,948,000, representing 3.91% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted to substantial shareholders of the Company or independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

An amount of HK$1 is payable by eligible employee to the Company on acceptance of the option as consideration for the grant. Options may be exercised at any time from twelve months from the date of grant of the share option to the five anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of specific categories of options are as follows:

Share option	Option series granted	Date of grant	Exercise period	Exercise period
2007B	35,948,000	20/12/2007	31/10/2008 - 30/10/2012	2.27
2007C	2,000,000	20/12/2007	20/12/2008 - 30/12/2012	2.27
2008A	1,000,000	03/07/2008	31/10/2008 - 30/10/2012	2.26

For the year six months ended 30 June 2009, no option had been granted or agreed to be granted to any person under the scheme.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES AND THE MODEL CODE

The Company had complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). In respect of the six months ended 30 June 2009 (the "Relevant Period"), all the code provisions set out in the Code were met by the Company.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all the Directors, and all of them had confirmed that they have complied with the required standard of dealings set out therein during the six months ended 30 June 2009.

MATERIAL LITIGATION AND ARBITRATION

The Group was not involved in any material litigation and arbitration during the six months ended 30 June 2009.

AUDIT COMMITTEE

The Company has set up an audit committee in accordance with the requirements of the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The consolidated financial statements of the Group for the six months ended 30 June 2009 and the related disclosures have been reviewed and approved by the audit committee.

Corporate Information

DIRECTORS

Executive Directors:

Mr. Xuan Rui Guo *(Chairman)*
Mr. Huang Zhi Yong
Mr. Kuang Jian Ping

Independent Non-executive Directors:

Mr. Tang Min
Mr. Wang Tai Wen
Mr. Ng Wing Fai

AUTHORIZED REPRESENTATIVES

Mr. Xuan Rui Guo
Mr. Chow Chiu Chi

AUDIT COMMITTEE

Mr. Ng Wing Fai *(Chairman)*
Mr. Tang Min
Mr. Wang Tai Wen

REMUNERATION COMMITTEE

Mr. Wang Tai Wen *(Chairman)*
Mr. Tang Min
Mr. Ng Wing Fai
Mr. Xuan Rui Guo
Mr. Huang Zhi Yong

NOMINATION COMMITTEE

Mr. Tang Min *(Chairman)*
Mr. Wang Tai Wen
Mr. Ng Wing Fai
Mr. Xuan Rui Guo
Mr. Kuang Jian Ping

SENIOR MANAGEMENT

Mr. Yang Hong Yan
Mr. Cui Da Chao
Mr. Wang Wen Hui
Mr. Li Hai Tao
Mr. Duan Min
Mr. Ji Jun
Mr. Zhou Zheng Qiang
Mr. Zhang Wei
Mr. Bill Barkovitz
Mr. Tim Pieszchala
Mr. Chow Chiu Chi

STOCK CODE

Hong Kong Stock Exchange 569

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

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PRINCIPAL BANKERS

Hong Kong:
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRC:
Agricultural Bank of China
Bank of Beijing
Bank of Communications
Shanghai Pudong Development Bank
Shenzhen Development Bank Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants

LEGAL ADVISERS

As to Hong Kong law
Woo, Kwan, Lee & Lo

As to Cayman Islands law
Conyers Dill & Pearman

As to PRC law
Commerce & Finance Law Offices