Annual Report 2012

中國高精密自動化集團有限公司

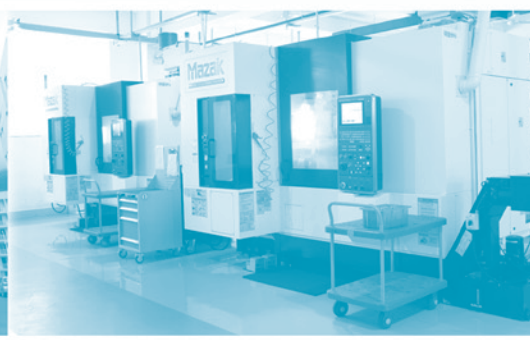
CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 591

Contents





Financial Highlights

	2012 RMB'000	2011 RMB'000	Increase/ (decrease) %
Turnover	**868,075**	900,613	(3.6)
Profit from operations (Note 1)	**310,342**	366,404	(15.3)
Net profit attributable to equity shareholders of the Company	**259,193**	304,393	(14.8)
Earnings per share (cents)			
— basic	**24.98 cents**	29.34 cents	(14.9)
— diluted	**24.98 cents**	29.32 cents	(14.8)
Shareholders' equity	**2,237,048**	2,012,876	11.1

Note 1: Included in the profit from operations were share option related expenses of approximately RMB25,637,000 (2011: RMB25,839,000).

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wong Fun Chung
(Chairman and Chief Executive Officer)
Mr. Zou Chong
Mr. Su Fang Zhong
Mr. Cheung Chuen

Independent Non-executive Directors
Mr. Chan Yuk Hiu, Taylor
Ms. Ji Qin Zhi
Dr. Hu Guo Qing

AUDIT COMMITTEE
Mr. Chan Yuk Hiu, Taylor *(Chairman)*
Ms. Ji Qin Zhi
Dr. Hu Guo Qing

REMUNERATION COMMITTEE
Mr. Chan Yuk Hiu, Taylor *(Chairman)*
Ms. Ji Qin Zhi
Dr. Hu Guo Qing

NOMINATION COMMITTEE
Mr. Chan Yuk Hiu, Taylor *(Chairman)*
Ms. Ji Qin Zhi
Dr. Hu Guo Qing

COMPANY SECRETARY
Mr. Cheung Chuen, *CPA, AICPA*

AUTHORISED REPRESENTATIVES
Mr. Cheung Chuen
Mr. Wong Fun Chung

REGISTERED OFFICE
Cricket Square,
Hutchins Drive, PO Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA
No. 1 Cha Shan Road,
Mawei Hi-Tech Development Zone,
Fuzhou 350015,
The PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 2805, China Resources Building,
26 Harbour Road,
Wanchai,
Hong Kong

COMPANY'S WEBSITE
www.chpag.net

AUDITOR
PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants

LEGAL ADVISERS
As to Hong Kong law
Fred Kan & Co.

As to PRC law
Helun Law Offices

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House,
68 Fort Street, P.O. Box 609,
Grand Cayman KY1-1107,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
26th Floor,
Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

PRINCIPAL BANKERS
Industrial and Commercial Bank of China Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Everbright Bank Co., Ltd.

STOCK CODE
591

Chairman's Statement

On behalf of the Board of China High Precision Automation Group Limited (the "Company"), I am pleased to present to the shareholders the audited annual results of the Company and its subsidiaries for the year ended 30 June 2012.

DEVELOPMENT TRENDS OF THE INDUSTRY AND EXPANSION OPPORTUNITIES FOR THE COMPANY

The technological standards of the instrument industry, which is an integral part of the equipment manufacturing sector, provide a yardstick for the industrial development of the nation as a whole. As such, the instrument industry is supported by national policies on proprietary product innovation.

The reporting period was underpinned by a complex international economic landscape, while domestic economic growth slowed down at a rate largely unexpectedly by the market. Measures to "stabilise growth" introduced by the PRC Government at various levels have yet to show any significant effect on the real economy, while branded foreign manufacturers were placing stronger emphasis and investments in the China market, seeking to maintain or even expand their market shares by means of price competition. Given such market conditions, the Company stepped up with its research and development efforts and broadened the scope of application for its products to address the difficulties and needs of downstream customers in product application, leveraging its strong reputation and distinct brand advantage as a leading player in the domestic instrument industry. Our Company's overall competitiveness has been enhanced as a result, enabling us to grow and expand amid intense market competition.

For the year ended 30 June 2012, revenue of the Group decreased by approximately 3.6% to approximately RMB868,075,000 as compared to that of last year. The Group's gross profit decreased by approximately 10.4% to approximately RMB392,768,000 as compared to that of last year. Net assets amounted to approximately RMB2,237,048,000, representing an increase of approximately 11.1% over the last year.

Looking to the future, the Company will seek to stabilise and expand the production and sales of pressure/differential pressure transmitters and electromagnetic flowmetres, specifically shifting its marketing targets to industries supported by national policies to identify new frontiers in applications. We will also seek to swiftly expand our market sales of actuator products, so that actuators will quickly become another principal product of the Company. Internal management and innovation will be strengthened on a continued basis, while further improvements will be made in the areas of technology, quality control and sales, as well as in the incentive mechanism that measures work deliverables against market-based benchmarks.

I would like to take this opportunity to express sincere gratitude to my fellow directors, the Company's senior management and all employees for their incessant efforts to innovate and explore and their commitment to progress, as well as to the Group's business partners and shareholders for their unfailing support.

Wong Fun Chung
Chairman

Hong Kong, 28 September 2012

The board (the "Board") of directors (the "Directors") of China High Precision Automation Group Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2012 (the "Year").

MARKET AND BUSINESS REVIEW

Revenue of our Group has been on the decline in varying scales since the end of 2011, as our business operations felt, to different extents, the impact of the Eurozone debt crisis and China's austerity policies and measures to regulate the property market. The management responded to the increasingly severe domestic business environment in a proactive approach as our Group adopted measures to avoid bad debts and slow down new project investments; turn to large state-owned enterprises and the eco-friendly energy conservation industry for the solicitation of end-customers; and vigorously identify business opportunities in growth industries for the future, in order to mitigate the impact resulting from the crisis and preserve strengths to resume rapid growth when the economic sentiments improve.

China's overall economic growth experienced a gradual slowdown in 2011, as the nation's GDP growth was reduced to 7.6% for the second quarter of 2012, as compared to 9.5% for the same period of 2011. The decline in China's GDP growth rate was attributable, externally, to the decrease in global demand in the wake of the Eurozone debt crisis and slackened world economic recovery, while domestically the government's tightened monetary policy during the first three quarters of 2011, rising labour costs, the property market regulation, and financing difficulties for SMEs, etc. The external and internal factors of uncertainty have compounded to create difficulties for business operators both inside and outside our industry.

In terms of business development, there was a decline in turnover derived from watch movements around the end of 2011. Sales were slightly improved after the Chinese New Year, although a notable gap remained when compared to normal business levels. We reported stable performance in our automation instrument business, though there had been a mild decline since the end of 2011 attributable mainly to tightened credit supply for SMEs. Our industrial automation instrument segment, however, has been slightly affected since the fourth quarter of the Year. Analysed by customers, the cement and steel sectors have been subject to harder impact, as cases of suspension of capacity expansion projects or even reduction of existing production volumes have been reported in these industries since after the Chinese New Year, although certain other businesses, such as waste water treatment, have continued to report growth.

Despite the slowdown in turnover growth, our Company continued to gain pace in the advancement of our production technologies. In tandem with our Group's persistent focus on technological development, our technical and engineering personnel made a number of important technological breakthroughs during the past year, as our research and development staff carried out modification and customisation of imported advanced equipment to enhance the precision level and consistency of products, as well as to further improve production efficiency. As a leading player in the automation sector committed to the automation of our own production lines, we completed during the past year a fully-automated materials supply system for plastics injection modules, a fully automated surface mounting technology (SMT) production line for electronic parts and a high-precision processing and assembly line for core sensor components, contributing to significant improvements in product quality, precision level and production efficiency. Meanwhile, we have successfully developed a new product — Instrument Valves (Manifolds) and Tube Fittings — credit to our technological breakthrough in materials science. Currently, our Company is starting to launch the new product.

SEGMENT INFORMATION

The Group has the following two business segments:

Automation instrument and technology products

During the Year, sales of high precision industrial automation instrument and technology products amounted to approximately RMB757,116,000 (2011: approximately RMB741,597,000), representing approximately 87.2% (2011: 82.3%) of the Group's total turnover. The Group continued to focus on production and expansion of high precision industrial automation instrument and technology products, and to manage its inventory levels and its distribution network. Reportable segment profit of this business segment was approximately RMB330,706,000 (2011: approximately RMB361,794,000), representing a decrease of about 8.6% as compared to that of 2011.

Horological instruments

Sales of horological instruments were approximately RMB110,959,000 (2011: approximately RMB159,016,000), which accounts for approximately 12.8% (2011: 17.7%) of the Group's total turnover during the Year. The decrease is mainly due to the impact of dim global economy. This segment recorded reportable segment profit of approximately RMB28,135,000, as compared to approximately RMB62,453,000 in 2011.

MANUFACTURING FACILITIES

The Group has large-scale production facilities and is expanding its productivity to enhance its competitive strength.

The utilization rate of the existing manufacturing facility (1st phase development) of the Group located at Lot No. 15, Kuaian Road, Mawei Science and Technology Park, Fuzhou (福州馬尾科技園區快安大道15號) has reached its maximum since 2008, the Group is in the process of expanding and upgrading its production capacity in two phases (i.e. 2nd and 3rd phase developments). Both developments are located at Long Men Village, Kuaian Technology Park, Fuzhou Economic and Technological Development Zone (福州經濟技術開發區快安科技園龍門村) in the PRC, covering a total site area of approximately 47,665 square metres.

The 2nd phase development is solely for the expansion of the Group's production capacity of its existing products. The factory on site commenced production in 2010 and reached its full-scale production capacity in June 2011. Accordingly, the Group's production capacity of its existing products has been doubled as scheduled.

The 3rd phase development is solely for actuators, one of the Group's new products. The construction was complete before the Year end, and is expected to reach its full-scale production capacity in 2014. In light of the instability of the global economic market, the Directors will proceed with the future developments cautiously.

PROSPECTS

We expect 2013 would be a rather difficult year. In terms of macro-economic conditions, there were no signs of improvement in the slow economic recovery in various countries and acute slowdown of China's domestic economy as at June this year, fueling uncertainties in the prospects for both exports and domestic demands. In terms of industry prospects, domestic industries are undergoing a period of transition characterised by rising labour costs, as domestic enterprises are generally perturbed by high wages and recruitment difficulties. Given insufficient market demands and rising costs, domestic enterprises are likely to face a tougher business environment in future. China's automation instrument industry might also be negatively affected as a result, as capacity expansion plans will be shelved or slowed down in many industries which have to deal with redundant production capacities in light of the decrease in market demand, and the growth forecasts for such industries will have to be adjusted downwards. Nonetheless, industries such as the environmental protection, petroleum and petrochemical sectors will remain within the focus of China's future development. The Group will adopt a range of measures to alleviate the impact of the economic downturn, while seizing every opportunity for development.

Research and development underpins one of our Group's major objectives for 2013. After years of diligent efforts, our Company has made reported solid achievements in high-precision processing technologies and, for the current year, we have set sight on further progress on top of our existing technological leadership. As the Ministry of Industry and Information Technology officially announced the "12th Five Year Period Development Planning for the High-end Equipment Manufacturing Industry" in the second quarter, the management is confident that our Company will be able to capitalise on opportunities for development in the next 5 years in tandem with government policies.

We have traditionally adopted a prudent and conservative approach in management, which calls for pragmatism in response to any economic crisis. As such, the management is confident that all issues currently at hand will be resolved in time.

FINANCIAL REVIEW

Turnover

Turnover of the Group amounted to approximately RMB868,075,000 for the Year (2011: approximately RMB900,613,000), representing a decrease of about 3.6% as compared to that of last year. The decrease is due to the decline in sales of horological instruments while the sales of automation instruments and technology products remained stable.

Gross profit and profit from operations

During the Year, the Group's gross profit and profit from operations amounted to approximately RMB392,768,000 (2011: approximately RMB438,444,000) and approximately RMB310,342,000 (2011: approximately RMB366,404,000) respectively. The decrease is broadly in line with the decrease in turnover.

The segment gross profit margin of automation instrument and technology products segment slightly decreased from 50.7% for 2011 to 47.6% for the Year. It was mainly due to the effect of changes in product mix while the average selling price for individual products remained relatively stable over the years.

The segment gross profit margin of horological instruments segment decreased from 39.5% for 2011 to 29.0% for the Year. It was because average unit selling price was decreased from RMB1.85 for 2011 to RMB1.76 for the Year. The Group adjusts its selling prices from time to time, if necessary, to maintain market share in an intensely price competitive market.

During the Year, the Group recognised approximately RMB25,637,000 (2011: approximately RMB25,839,000) for share option related expenses. Together with an increase in R&D costs and distribution costs of approximately RMB16,577,000 and RMB2,838,000 respectively, the Group's profit from operations decreased by 15.3% as compared to 2011.

Net profit

The profit attributable to equity shareholders of the Company for the Year was approximately RMB259,193,000, as compared to that of approximately RMB304,393,000 in 2011. It was mainly attributable to the factors as mentioned above.

Earnings per share

The basic and diluted earnings per share for the Year were RMB24.98 cents (2011: RMB29.34 cents) and RMB24.98 cents (2011: RMB29.32 cents) respectively.

Liquidity and Financial Resources

For the Year, the Group's working capital requirement was principally financed by its internal resources.

As at 30 June 2012, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB1,212,738,000 (30 June 2011: approximately RMB1,257,031,000), approximately RMB1,586,895,000 (30 June 2011: approximately RMB1,509,906,000) and approximately RMB2,255,115,000 (30 June 2011: approximately RMB2,030,898,000) respectively.

Borrowings

As at 30 June 2012, the Group had no bank borrowings (30 June 2011: Nil).

Equity

Total equity attributable to equity shareholders of the Company as at 30 June 2012 increased by approximately RMB224,172,000 to approximately RMB2,237,048,000 (30 June 2011: approximately RMB2,012,876,000).

Gearing ratio

The gearing ratio (calculated as the ratio of total liabilities: total equity) of the Group as at 30 June 2012 was approximately 0.1 (30 June 2011: approximately 0.1).

USE OF PROCEEDS FROM THE PLACING AND THE PUBLIC OFFER

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with a total of 287,500,000 offer shares (including shares issued as a result of the exercise of the over-allotment option), and the net proceeds from the placing and the public offer of approximately HK$1,043,000,000 (the "Net Proceeds") will mainly be utilized as follows:

1. Approximately HK$711 million will be used for establishment of production facilities for new products of the Group;

2. Approximately HK$129 million will be used for research and development efforts;

3. Approximately HK$81 million will be used for network development and sales support services;

4. Approximately HK$18 million will be used for the Group's information system development; and

5. Approximately HK$104 million will be used for general working capital.

Up to 30 June 2012, the Group has utilized the Net Proceeds as follows:

1. Approximately HK$478 million were used for establishment of production facilities for new products of the Group;

2. Approximately HK$54 million were used for research and development efforts;

3. Approximately HK$28 million were used for network development and sales support services; and

4. Approximately HK$1 million were used for the Group's information system development.

The remaining balance of the Net Proceeds has been placed in the short-term deposits with financial institutions.

SHARE CAPITAL

Details of changes in the Company's share capital during the Year were set out in note 25 to the financial statement.

SIGNIFICANT INVESTMENTS

On 13 April 2012, the Group entered into an agreement with an independent third party to set up a jointly controlled entity (the "JCE") in Baotou city Inner Mongolia PRC, of which the Group would directly hold 49% interest of the JCE. The total investment cost of the Group is RMB9,800,000. As at 30 June 2012, RMB3,072,000 was paid. The business of the JCE will be mainly engaged in industrial automation system integrator. As at the Year end, the JCE did not commence business as its incorporation was still in progress. The above transaction was less than 5% of each of the size tests according to the Listing Rules in Hong Kong.

Save as disclosed above, the Group had no significant investment held during the Year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries or associated companies by the Group during the Year.

EMPLOYEES AND SHARE OPTION SCHEME

As at 30 June 2012, the Group employed a total of 1,143 employees (30 June 2011: 1,343). It is the Group's policy to review its employees' pay levels and performance bonus system regularly to ensure the competitiveness of the Group's remuneration policy within the relevant industry. During the Year, the employment cost (excluding Directors' emoluments) amounted to approximately RMB70,825,000 (2011: approximately RMB65,742,000). In order to provide incentives to the staff, Directors and consultants of the Group, share options would be granted to staff, Directors and consultants under the Company's share option scheme (the "Scheme") adopted on 28 October 2009. As at 30 June 2012, 39,000,000 share options were outstanding under the Scheme. No option has been granted, exercised, cancelled or lapsed during the Year. Details of share options are set out in note 24 to the financial statement.

CHARGE ON ASSETS

As at 30 June 2012, the Group did not have any charges on its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Apart from the expansion of manufacturing facilities and investment in the JCE as described under the paragraphs "Manufacturing Facilities" and "Significant Investments" to this annual report respectively, the Group had no future plans for material investments as at 30 June 2012.

The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group has foreign currency risk as certain financial assets and liabilities are denominated in foreign currencies primarily in United States dollars and Hong Kong dollars. The Group does not expect any appreciation or depreciation of the Renminbi Yuan against foreign currency which might materially affects the Group's result of operations. The Group did not use any financial instruments to hedge its exposure to currency risk during the Year and will continue to closely monitor such risk exposures from time to time.

CAPITAL COMMITMENT

As at 30 June 2012, the Group had capital expenditure contracted for but not provided in the financial statements and capital expenditure authorized but not contracted for capital commitments in the financial statements amounted to approximately RMB7,299,000 (30 June 2011: approximately RMB35,372,000) and approximately RMB92,516,000 (30 June 2011: approximately RMB214,586,000) respectively.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any material contingent liabilities.

DIRECTORS

Executive Directors

Mr. Wong Fun Chung (黃訓松), aged 59, is the chairman of the Board, the chief executive officer of the Company and founder of the Group. He was appointed as an executive Director of the Company on 29 November 2007 and has served the Group for over 21 years. Mr. Wong graduated from Tianjin University (天津大學) in 1978 specialising in high precision timing instruments (計時儀器專業) and has over 20 years' experience in the production of horological instruments. During his career in the horological industry, Mr. Wong was recognised as one of the top one hundred youth factory managers in China, which is awarded jointly by China Youth Magazine (中國青年雜誌社), China Enterprise Management Association (中國企業管理協會), Central Propaganda Department of the Chinese Communist Youth League (中國共產主義青年團中央宣傳部) and China Central Television Station (中央電視臺). In 1987, Mr. Wong was the factory manager of the Fuzhou Watch Factory (福州手錶廠), a state-owned enterprise. In 1989, Mr. Wong was approved as an engineer by the Fujian Provincial Bureau of Personnel (福建省人事局). In 1990, one of the quartz clock movement products developed by Mr. Wong was awarded third prize in the technological advancement award by the National Science and Technology Advancement Award Adjudication Committee (國家科學技術進步評審委員會). Mr. Wong is responsible for the formulation of the Group's corporate strategy, overseeing its production operations and the overall steering of the Group's strategic development.

Mr. Zou Chong (鄒崇), aged 42, was appointed as an executive Director of the Company on 2 July 2008 and is the deputy general manager of the Group. Mr. Zou graduated from the Sichuan University (四川大學) in 1991 specialising in computer application (計算機應用專業). Mr. Zou has served the Group for over 21 years and participated in the development of the "WP-series Multi-channel Embedded-type Colored Paperless Recorder" (WP-系列多通道嵌入式彩色顯示無紙記錄儀), which, together with Mr. Tang Chong Sen, was awarded the "Grade Three of Fuzhou Science and Technology Advancement Award (福州市科學技術進步三等獎)" by Fuzhou Municipal Government in 2006. Mr. Zou is responsible for the technical service centre, system integration, purchasing and sales and marketing of the Group.

Mr. Su Fang Zhong (蘇方中), aged 62, was appointed as an executive Director of the Company on 2 July 2008 and is the deputy general manager of the Group. He graduated from Fujian Broadcasting Television University (福建廣播電視大學) in 1990 specializing in financial accounting (財務會計). In 1991, Mr. Su successfully completed quality management (計量管理) training provided by the State Bureau of Technical Supervision (國家技術監督局). Mr. Su has served the Group for 20 years. In 2003, he was appointed as a deputy general manager of Fujian Wide Plus and was approved as an electrical engineer (intermediate level) (中級電子工程師) by the Intermediate and Primary Level Adjudication Committee of the Fuzhou City Rural Enterprise Engineering Department (福州市鄉鎮企業工程系列中、初級評委會). Mr. Su was recognized by the Fuzhou Bureau of Light Industry (福州市輕工業局) as an outstanding performer in the technological development of light industry system (輕工系統技術開發優秀工作者) in 1989 and also as a pioneer worker in production management (生產管理先進工作者) in 1991. Mr. Su is responsible for the warehouse management, production workshops and quality control of the Group.

Mr. Cheung Chuen (張全), aged 38, was appointed as an executive Director of the Company since 2 April 2008. He is also the company secretary of the Company. Mr. Cheung graduated from the Hong Kong Shue Yan College (presently Hong Kong Shue Yan University) in 1999 majoring in accounting and obtained a master degree in professional accounting from the Hong Kong Polytechnic University in 2004. He is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over a decade gained experience in accounting and auditing. He is currently an independent non-executive director of Anxin-China Holdings Limited and Kingwell Group Limited, both of which are companies listed on the Main Board of the Stock Exchange. Mr. Cheung is responsible for the management reporting and planning of the Group, and is in charge of all the Group's financial and statutory reporting.

Independent Non-executive Directors

Dr. Hu Guo Qing (胡國清博士), aged 48, was appointed as an independent non-executive Director of the Company since 2 April 2008. Dr. Hu graduated from the Department of Aviation Automation Control (航空自動控制系) of the Northwestern Polytechnical University (西北工業大學) in 1987 and acquired his doctorate degree from the Department of Hydraulic Engineering (水利工程系) of the Chengdu University of Science and Technology (成都科技大學) in 1993. Since 1993, Dr. Hu has been involved in scientific research and academic teaching in areas such as MEMS technology, sensor technology, industrial automation, mechanical control engineering and automation control. Dr. Hu is currently a Professor at the College of Industrial Equipment and Control Engineering of the South China University of Technology (華南理工大學).

Ms. Ji Qin Zhi (吉勤之), aged 71, was appointed as an independent non-executive Director of the Company since 2 April 2008. Ms. Ji graduated from the Department of Precision Instruments Engineering (精密儀器工程系) of Tianjin University (天津大學) in 1964 and acquired the qualification of Senior Engineer in 1988. She was appointed as an independent non-executive director of Shenzhen Fiyta Holdings Limited, a company listed on Shenzhen Stock Exchange, in 2006 and 2009. She is currently the vice president of the Horology Association of the People's Republic of China.

Mr. Chan Yuk Hiu, Taylor (陳玉曉), aged 34, was appointed as an independent non-executive Director of the Company since 2 April 2008. Mr. Chan holds an Honours Diploma in Accounting from Hong Kong Shue Yan College (presently Hong Kong Shue Yan University), and a Master Degree in Accounting from The Hong Kong Polytechnic University. He is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Since graduation he has acquired various accounting, auditing and company secretarial work experience both from certified public accountants firms and listed companies. Mr. Chan is currently the company secretary of FAVA International Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chan has over a decade gained experience in professional accounting and auditing practice.

SENIOR MANAGEMENT

Mr. Tang Chong Sen (唐崇森), aged 72, graduated from the Mechanical Engineering Department (電機系) of the Harbin Institute of Technology (哈爾濱工業大學) in 1964 specialising in electrical measurement technology (電氣測量技術專業). In 1992, he was an associate professor of the Electrical Engineering Department of Fuzhou University specializing in industrial electrical automation system (工業電氣自動化). He has served the Group for 17 years. Mr. Tang had been the researcher of various provincial new product development projects. In 2002, the WP-series Intelligent Flow Controller for Natural Gas (WP-系列天然氣智能流量控制儀) co-developed by Mr. Tang also received the "Grade Three of Fujian Science and Technology Advancement Award (福建省科學技術獎三等獎)" by Fujian Provincial Government of the PRC. In 2006, the "WP-series Multi-channel Embedded-type Colored Paperless Recorder" (WP-系列多通道嵌入式彩色顯示無紙記錄儀) which was co-developed by Mr. Tang and Mr. Zou Chong was awarded "Grade Three of Fuzhou Science and Technology Advancement Award (福州市科學技術進步三等獎)" by Fuzhou Municipal Government. Mr. Tang is the chief electrical engineer of the Group and is responsible for overseeing the design and processing of electrical products and electronic software research and development of the Group.

Mr. Gao Wen Jiang (高文江), aged 70, graduated from the Agricultural Machinery Department (農業機械系) of the Fujian Institute of Agriculture (福建農學院) specialising in agricultural mechanisation (農業機械化專業) in 1964. In 1990, Mr. Gao was the deputy technical factory manager of Nanchang Watch Factory (南昌手錶廠). From 1993 to 2004, he was the deputy general manager of Guang Yu Electronic Industrial Co., Ltd. (廣宇電子實業有限公司). Mr. Gao joined Fujian Wide Plus as a chief mechanical engineer in 2004 and has been holding the same position since then. He is responsible for overseeing the crafts processing and high precision mechanical research and development of the Group.

The Group is committed to upholding statutory and regulatory corporate governance standards and adhering to the principles of corporate governance emphasising accountability, transparency, independence, fairness and responsibility.

The Company has complied with most of the Code provisions stipulated in the Code on Corporate Governance Practices (revised and renamed as 'Corporate Governance Code' with effect from 1 April 2012) (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the nine months ended 31 March 2012 and the revised Code for the three months ended 30 June 2012, save for the deviation from the Code provision A.2.1 of the Code as described in the section headed "B.7. Chairman and Chief Executive Officer" below.

A. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors.

Having made specific enquiries of all Directors, all Directors confirmed to the Company that they have complied with the Model Code during the Year.

B. BOARD OF DIRECTORS

1. Composition of the Board of Directors

As at 30 June 2012, the Board consisted of four executive Directors, namely Mr. Wong Fun Chung, Mr. Zou Chong, Mr. Su Fang Zhong, and Mr. Cheung Chuen, and three independent non-executive Directors, namely Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor. Each of the Directors' respective biographical details is set out in the section headed "Biographical Information of Directors and Senior Management" in this annual report.

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. To the best knowledge of the Company, save as disclosed in the section headed "Biographical Information of Directors and Senior Management" in this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board (including the Chairman and the Chief Executive Officer).

2. Functions of the Board of Directors

The Board is responsible for the oversight of the Company's business and affairs with the objective of enhancing shareholder value. The Board also makes decisions on matters, such as, approving the annual results and interim results of the Group, notifiable and connected transactions of the Company, appointment and re-appointment of Directors, dividend and adopting accounting policies, etc. Details of the experience and qualifications of Directors are set out in the section headed "Biographical Information of Directors and Senior Management" in this annual report.

The Board delegates the authority and responsibility for implementing daily operations, business strategies and management of the Group's businesses to the executive Directors and senior management. When the Board delegates different aspects of its management and administrative functions to the senior management, it has given clear directions in relation to the scope of powers of the senior management, in particular, with respect to the circumstances, regular report of progress from the senior management and prior approval will be obtained from the Board before making decisions or entering into any commitments on behalf of the Company.

3. Corporate Governance Functions

The Board is also responsible for performing the corporate governance duties, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

4. Board Meetings and Board Practices

For the year ended 30 June 2012, the Board conducted six meetings and the Board will meet on other occasions when a board-level decision on a particular matter is required. The attendance records of those meetings held are set out below:

Members	No. of attendance
Executive Directors	
Mr. Wong Fun Chung *(Chairman and Chief Executive Officer)*	6/6
Mr. Zou Chong	6/6
Mr. Su Fang Zhong	6/6
Mr. Cheung Chuen	6/6
Independent Non-executive Directors	
Dr. Hu Guo Qing	5/6
Ms. Ji Qin Zhi	5/6
Mr. Chan Yuk Hiu, Taylor	5/6

The Directors will receive details of agenda and minutes of committee meetings in advance of each Board meeting. The company secretary will distribute relevant documents to Directors in a timely manner to enable the Directors to make informed decisions on matters discussed in the Board meetings. The company secretary will ensure the procedures of the Board meetings are observed and provide to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings. Minutes of the Board meetings are kept by the company secretary.

Pursuant to Code provision A.6.7 (which is effective from 1 April 2012), independent non-executive Directors should attend general meetings of the Company and develop a balanced understanding of the views of shareholders.

During the year ended 30 June 2012, the Company held one general meeting, being an annual general meeting, on 29 November 2011. The attendance records of the general meeting held are set out below:

Members	No. of attendance
Executive Directors	
Mr. Wong Fun Chung *(Chairman and Chief Executive Officer)*	1/1
Mr. Zou Chong	1/1
Mr. Su Fang Zhong	0/1
Mr. Cheung Chuen	1/1
Independent Non-executive Directors	
Dr. Hu Guo Qing	1/1
Ms. Ji Qin Zhi	0/1
Mr. Chan Yuk Hiu, Taylor	1/1

5. Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, there are three independent non-executive Directors representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The independent non-executive Directors bring independent judgment on issues of strategy, performance and risk. The Company has received from each of the independent non-executive Directors written confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. Based on the said confirmations, the Board considers that all the independent non-executive Directors are independent.

6. Directors' Training

Newly appointed Directors receive comprehensive, formal and tailored induction on their appointments, so as to ensure that they have appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

Pursuant to Code provision A.6.5 (which is effective from 1 April 2012), Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in appropriate continuous professional development activities by ways of attending trainings, reading materials or conducting academic research relevant to the Company's business or to the Directors' duties and responsibilities.

7. Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong Fun Chung is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long term business strategies. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

8. Appointment, Re-election and Removal of Directors

Mr. Wong Fun Chung has entered into a service contract with the Company for an initial term of 3 years commencing from 29 November 2007 with automatic renewal and subject to termination in accordance with the provisions of the service contract or by either party giving the other not less than 3 months' prior written notice.

Mr. Cheung Chuen has entered into a service contract with the Company for an initial term of 3 years commencing from 2 April 2008 with automatic renewal and subject to termination in accordance with the provisions of the service contract or by either party giving the other not less than 3 months' prior written notice.

Mr. Zou Chong and Mr. Su Fang Zhong have entered into a service contract with the Company for an initial term of 3 years both commencing from 2 July 2008 with automatic renewal and subject to termination in accordance with the provisions of the service contract or by either party giving the other not less than 3 months' prior written notice.

Each of independent non-executive Directors has entered into a formal appointment letter with the Company for a term of one year commencing from 2 April 2008 with automatic renewal, subject to termination by either party giving the other not less than 3 months' prior written notice.

In accordance with the articles of association of the Company, all Directors (including executive Directors and independent non-executive Directors) are subject to retirement by rotation at least once every three years.

C. BOARD COMMITTEES

1. Remuneration Committee

The Group established its remuneration committee (the "Remuneration Committee") since 2008 with written terms of reference in compliance with the Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises all three independent non-executive Directors, namely, Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor. Mr. Chan Yuk Hiu, Taylor was appointed as the Chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

For the year ended 30 June 2012, two meetings were held to review the remuneration package of the Board and senior management. The attendance records of the Remuneration Committee meetings held are set out below:

Members	No. of attendance
Dr. Hu Guo Qing	2/2
Ms. Ji Qin Zhi	2/2
Mr. Chan Yuk Hiu, Taylor	2/2

The remuneration of Directors is determined by the Board, upon recommendation of the Remuneration Committee with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group.

2. Audit Committee

The Group established its audit committee (the "Audit Committee") since 2008 with written terms of reference in compliance with the Code. The primary duties of the Audit Committee are, inter alia, to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting system, internal control and risk management system, to review and monitor the audit process, to review the Company's financial information, and to perform other duties and responsibilities as assigned by the Board. The Audit Committee currently comprises three independent non-executive Directors, namely, Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor (Chairman). The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2012.

The written terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

For the year ended 30 June 2012, the Audit Committee performed the following tasks:

(i) review of the auditor's report for the audit of final results of the Group for the year ended 30 June 2012;

(ii) review of the draft consolidated financial statements of the Group for the year ended 30 June 2012 with a recommendation to the Board for approval;

(iii) review of the draft results announcement and annual report of the Group for the year ended 30 June 2012 with a recommendation to the Board for publication and approval;

(iv) review of the interim report of the Group for the six months ended 31 December 2011 with a recommendation to the Board for publication and approval;

(v) review of the internal control system and report of the Audit Committee's review to the Board;

(vi) review of the audit fees payable to the external auditors for the year ended 30 June 2012 with a recommendation to the Board for approval;

(vii) review of the external auditors' independence, with a recommendation to the Board for the re-appointment of the external auditors at the forthcoming annual general meeting.

There were two meetings of the Audit Committee for the year ended 30 June 2012.

The attendance records of the Audit Committee meetings held are set out below:

Members	**No. of attendance**
Dr. Hu Guo Qing	2/2
Ms. Ji Qin Zhi	2/2
Mr. Chan Yuk Hiu, Taylor	2/2

3. Nomination Committee

The Group established a nomination committee (the "Nomination Committee") since 2008 with written terms of reference in compliance with the Code on Corporate Governance Practices. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and to make recommendations to the Board on appointment or re-appointment of Directors and succession planning for the Directors. The Nomination Committee comprises three independent non-executive Directors, namely, Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor. Mr. Chan Yuk Hiu, Taylor was appointed as the Chairman of the Nomination Committee.

The written terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

There has been no change in the composition of the Board and of the three committees. The Nomination Committee has held one meeting after 30 June 2012 to, in respect of the year ended 30 June 2012, (i) review the structure and composition of the Board; (ii) assess the independence of independent non-executive directors; and (iii) make recommendations to the Board on the re-appointment of Directors. The attendance records of the Nomination Committee meetings held are set out below:

Members	No. of attendance
Dr. Hu Guo Qing	1/1
Ms. Ji Qin Zhi	1/1
Mr. Chan Yuk Hiu, Taylor	1/1

D. ACCOUNTABILITY AND AUDIT

1. Directors' Responsibility for the Consolidated Financial Statements

The Board acknowledges that it holds responsibility for:

(i) Overseeing the preparation of the financial statements of the group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group; and

(ii) Selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgment and estimates.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board will continue to prepare the consolidated financial statements on a going concern basis.

2. Internal Controls

The Board places great importance on internal controls and is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company and assessing the overall effectiveness of those internal controls.

The Board had conducted review of the effectiveness of the system of internal control of the Group covering all material controls, including financial, operation, compliance control and risk management functions. The Group's internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations related to the business of the Group. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operation systems and achievement of the Group's objectives. The Audit Committee was satisfied that the internal control system has functioned effectively. During the Year, no irregularity or material weakness was noted within any function or process and the Board considers that the internal control system is effective and adequate for the Group as a whole.

3. Auditors' Remuneration

During the year ended 30 June 2012, the remuneration paid/payable to the Company's auditors, Pan-China (H.K.) CPA Limited, is set out as follows:

Nature of Services	Fee paid/payable RMB'000
Audit services	1,650
Special audit for 2011 financial statements	1,500
Non-audit services	—
Total:	3,150

E. SHAREHOLDERS' RIGHTS

1. Right to Convene Extraordinary General Meeting ("EGM")

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the Shareholder(s) concerned at the extraordinary general meeting varies according to the nature of the proposal as follows:

— at least twenty-one (21) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes a special resolution of the Company; and

— at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

2. Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the Headquarters of the Company in Hong Kong or by e-mail to info@chpag.com for the attention of the IR Department or Company Secretary.

3. Right to Put Forward Proposals at General Meetings

There is no provision allowing shareholders to put forward proposals at general meeting under the Memorandum and Articles of Association of the Company or the Companies Law of the Cayman Islands. If shareholders wish to do so, they may request to convene an EGM as stipulated in E.1. above and specify the proposals in such written requisition.

F. INVESTOR AND SHAREHOLDERS RELATIONS

The Company continues to pursue a proactive policy in promoting investor relations and communications with the shareholders of the Company. The Board also recognised that effective communication with investors is the key to establish investor confidence and to attract new investors.

The Company communicates with its shareholders and investors through various channels including publication of interim and annual reports, press announcements and information on the website of the Stock Exchange and the Company's website at www.chpag.net.

The Company encourages its shareholders to attend the forthcoming annual general meeting as an important opportunity for constructive communication with the Board. The Chairman as well as the chairmen of the Audit, Remuneration and Nomination Committees, or in their absence, members of the relevant committees are available to answer any questions raised by the shareholders.

The Group regularly releases corporate information, such as awards received, and the latest news of the Group's developments on the Company's website. The public are welcome to give their comments and make their enquiries through the Company's website and the management will give their prompt response thereto.

A copy of the memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no change in the Company's constitutional documents during the year ended 30 June 2012.

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements of the Group for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 15 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the Year are set out in note 11 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the Year and the state of the Company's and the Group's affairs as at 30 June 2012 are set out in the financial statements on pages 33 to 91.

DIVIDENDS

The Board recommended the payment of a final dividend of HK0.020 (equivalent to approximately RMB0.016) per ordinary share for the year ended 30 June 2012. The final dividend, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 30 November 2012 ("AGM"), will be paid on or around Wednesday, 19 December 2012 to the shareholders whose names appear on the register of members of the Company as at the close of business on Tuesday, 11 December 2012.

TRANSFER TO RESERVES

Profits for the year attributable to equity shareholders of the Company of approximately RMB259,193,000 (2011: approximately RMB304,393,000) has been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 38.

DISTRIBUTABLE RESERVES

At 30 June 2012, the aggregate amount of reserves available for distribution to the equity shareholders of the Company are set out in note 25(d)(vi) to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 12 to the financial statements.

COMMITMENTS

Particulars of the commitments of the Group as at 30 June 2012 are set out in note 27 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. Wong Fun Chung *(Chairman and Chief Executive Officer)*
Mr. Zou Chong
Mr. Su Fang Zhong
Mr. Cheung Chuen

Independent Non-executive Directors

Dr. Hu Guo Qing
Ms. Ji Qin Zhi
Mr. Chan Yuk Hiu, Taylor

Brief biographical information of the Directors are set out in the section headed "Biographical Information of Directors and Senior Management" section on pages 11 to 13 of this annual report.

In accordance with article 84 of the Company's articles of association, Mr. Wong Fun Chung, Mr. Cheung Chuen and Ms. Ji Qin Zhi shall retire as Directors by rotation and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' SERVICE AGREEMENTS

Each of the executive Directors listed below has entered into a service agreement with the Company for a term of three years, with automatic renewal subject to termination in accordance with the provisions thereof or by either party giving the other not less than three months' prior written notice.

Each of the independent non-executive Directors has entered into a formal appointment letter with the Company for a term of one year with automatic renewal, subject to termination by either party giving the other not less than three months' notice. The appointment dates of each of the Directors are as follows:

Executive Directors

Mr. Wong Fun Chung	29 November 2007
Mr. Zou Chong	2 July 2008
Mr. Su Fang Zhong	2 July 2008
Mr. Cheung Chuen	2 April 2008

Independent Non-executive Directors

Dr. Hu Guo Qing	2 April 2008
Ms. Ji Qin Zhi	2 April 2008
Mr. Chan Yuk Hiu, Taylor	2 April 2008

Save as disclosed above, none of the Directors has a service agreement with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial shareholders of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the ordinary shares and underlying shares of the Company:

	Number of ordinary shares and underlying shares held, capacity and nature of interest			
Directors	**Directly held interest**	**Through controlled corporation**	**Total**	**Approximate percentage of the issued share capital of the Company**
Mr. Wong Fun Chung	343,742,082	39,824,704 (Note 2)	383,566,786	36.97%

Notes:

1. As at 30 June 2012, the total number of issued shares of the Company was 1,037,500,000.

2. 39,824,704 shares were held by Fortune Plus Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 66.6% by Mr. Wong. Therefore Mr. Wong is deemed to be interested in these shares under the SFO.

Save as disclosed above and the section headed "Share Option Scheme" below, as at 30 June 2012, none of the Directors or the chief executives of the Company or their respective associates had registered any interests or short positions in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2012, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person(s)/entity(ies) (other than the Directors or chief executives of the Company) had an interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Long positions in the ordinary shares and underlying shares of the Company:

Shareholders	Note	Number of Shares	Approximate percentage of the issued share capital of the Company
Mr. Wong Fun Chung	2	383,566,786	36.97%
Capital Research and Management Company		83,390,000	8.04%
Sloane Robinson LLP		61,299,900	5.91%

Notes:

1. As at 30 June 2012, the total number of issued shares of the Company was 1,037,500,000.

2. 39,824,704 shares were held by Fortune Plus Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 66.6% by Mr. Wong. Therefore Mr. Wong is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 30 June 2012, no person (other than the Directors) who was recorded in the register of the Company had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE CAPITAL

Details of share capital of the Company during the Year are set out in note 25(c) to the financial statements.

SHARE OPTION SCHEME

The Company adopted the share option scheme (the "Scheme") on 28 October 2009, the principal terms of which are set out in note 24 to the financial statements. As at 30 June 2012, 39,000,000 share options were outstanding under the Scheme, representing approximately 3.76% of the total issued share capital of the Company as at 30 June 2012. No share option has been granted, exercised, cancelled or lapsed during the Year. Particulars of share options granted by the Company are set out in note 24 to the financial statements.

The following table disclosed details of the Company's outstanding options held by the Directors and certain employees of the Group under the Scheme during the Year:

Names of grantees	Options held at 1 July 2011	Options granted during the Year	Options exercised during the Year	Options cancelled during the Year	Options held at 30 June 2012	Exercise price (HK$)	Date of grant	Exercise period
Executive Directors								
Mr. Wong Fun Chung	800,000	–	–	–	800,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Mr. Su Fang Zhong	6,000,000	–	–	–	6,000,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Mr. Zou Chong	6,000,000	–	–	–	6,000,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Mr. Cheung Chuen	3,000,000	–	–	–	3,000,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Independent non-executive Directors								
Ms. Ji Qin Zhi	200,000	–	–		200,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Dr. Hu Guo Qing	200,000	–	–	–	200,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Mr. Chan Yuk Hiu, Taylor	200,000	–	–	–	200,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
Employees	22,600,000	–	–	–	22,600,000	5.60	18 March 2011	Exercisable in 3 lots from 1 April 2011 to 31 March 2016
	39,000,000	–	–	–	39,000,000			

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections headed "Directors' and chief executives' interests and short positions in shares and underlying shares" and "Share option scheme" above, at no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTOR'S INTERESTS IN CONTRACTS

Save as disclosed in notes 7 and 28 to the financial statements, there was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had, whether directly or indirectly, a material interest at the end of the Year or at any time during the Year.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the Year, save for those disclosed in note 28 to the financial statements, the Group had no transactions with related or connected parties. The transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules.

BANKING FACILITIES

During the year, no banking facilities were obtained by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	6.0%	
Five largest customers in aggregate	30.0%	
The largest supplier		38.5%
Five largest suppliers in aggregate		75.7%

At no time during the Year have the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes for the Year are set out in note 5(a) to the financial statements.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 25 August 2008 with written terms of reference in compliance with the Code on Corporate Governance Practices (revised and renamed as 'Corporate Governance Code' with effect from 1 April 2012). The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee currently comprises three independent non-executive Directors, namely, Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor (Chairman). During the Year and up to the date of this annual report, the Audit Committee has met twice to review the interim and annual results of the Group.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

KPMG retired as auditors of the Company with effect from the conclusion of the annual general meeting of the Company held on 29 November 2011 and did not stand for re-appointment as auditors of the Company. A resolution for the appointment of Pan-China (H.K.) CPA Limited as auditors of the Company to fill the vacancy following the retirement of KPMG and to hold office until the conclusion of the next general meeting of the Company was passed at the extraordinary general meeting of the Company held on 24 August 2012.

Pan-China (H.K.) CPA Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Pan-China (H.K.) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

By Order of the Board

Wong Fun Chung
Chairman

Hong Kong, 28 September 2012

PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants
天健(香港)會計師事務所有限公司

TO THE SHAREHOLDERS OF
CHINA HIGH PRECISION AUTOMATION GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China High Precision Automation Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 33 to 91, which comprise the consolidated and company statements of financial position as at 30 June 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants

Chan Kin Wai
Practising Certificate Number P05342

20/F., Hong Kong Trade Centre,
161–167 Des Voeux Road Central,
Hong Kong S.A.R., China

28 September 2012

Consolidated Income Statement

For the year ended 30 June 2012
(Expressed in Renminbi Yuan)

	Note	**2012 RMB'000**	2011 RMB'000
Turnover	3	**868,075**	900,613
Cost of sales		**(475,307)**	(462,169)
Gross profit		**392,768**	438,444
Other revenue	4	**17,823**	16,527
Other net income/(loss)	4	**1,080**	(12,387)
Distribution costs		**(7,328)**	(4,490)
Administrative expenses		**(94,001)**	(71,690)
Profit from operations		**310,342**	366,404
Finance costs		**—**	—
Profit before taxation	5	**310,342**	366,404
Income tax	6(a)	**(51,149)**	(62,011)
Profit for the year attributable to equity shareholders of the Company		**259,193**	304,393
Earnings per share (RMB cents)	10		
— basic		**24.98**	29.34
— diluted		**24.98**	29.32

The notes on pages 41 to 91 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012
(Expressed in Renminbi Yuan)

	2012 RMB'000	2011 RMB'000
Profit for the year attributable to equity shareholders of the Company	**259,193**	304,393
Other comprehensive income for the year		
Exchange differences on translation of financial statements of operations outside the PRC (excluding Hong Kong)	**(13,204)**	(5,504)
Total comprehensive income for the year attributable to equity shareholders of the Company	**245,989**	298,889

The notes on pages 41 to 91 form part of these consolidated financial statements.

At 30 June 2012
(Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	12	**599,481**	265,441
Construction in progress	13	**—**	180,877
Interests in leasehold land held for own use under operating leases	14	**9,861**	10,088
Prepayments for construction costs		**—**	4,455
Deposits for the purchase of property, plant and equipment		**53,373**	57,665
Investment in a jointly controlled entity	16	**3,072**	—
Deferred tax assets	22(b)	**2,433**	2,466
		668,220	520,992
Current assets			
Inventories	18	**74,757**	50,546
Trade and other receivables	19	**438,036**	417,129
Cash and cash equivalents	20	**1,212,738**	1,257,031
		1,725,531	1,724,706
Current liabilities			
Trade and other payables	21	**131,490**	196,250
Current taxation	22(a)	**6,572**	18,050
Provision for warranties	23	**574**	500
		138,636	214,800
Net current assets		**1,586,895**	1,509,906
Total assets less current liabilities		**2,255,115**	2,030,898

The notes on pages 41 to 91 form part of these consolidated financial statements.

At 30 June 2012
(Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Non-current liabilities			
Deferred tax liabilities	22(b)	**18,067**	18,022
		18,067	18,022
NET ASSETS		**2,237,048**	2,012,876
CAPITAL AND RESERVES	25		
Share capital		**91,360**	91,360
Reserves		**2,145,688**	1,921,516
TOTAL EQUITY		**2,237,048**	2,012,876

Approved and authorised for issue by the board of directors on 28 September 2012.

Wong Fun Chung
Director

Cheung Chuen
Director

The notes on pages 41 to 91 form part of these consolidated financial statements.

Statement of Financial Position

At 30 June 2012
(Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Investments in subsidiaries	15	**924,821**	944,396
Current assets			
Amount due from a subsidiary	17	**–**	50,000
Cash and cash equivalents	20	**493**	502
		493	50,502
Current liabilities			
Other payables and accruals	21	**1,650**	1,564
		1,650	1,564
Net current (liabilities)/assets		**(1,157)**	48,938
NET ASSETS		**923,664**	993,334
CAPITAL AND RESERVES	25(a)		
Share capital		**91,360**	91,360
Reserves		**832,304**	901,974
TOTAL EQUITY		**923,664**	993,334

Approved and authorised for issue by the board of directors on 28 September 2012.

Wong Fun Chung	**Cheung Chuen**
Director	*Director*

The notes on pages 41 to 91 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company							
		Share capital	**Share premium (note 25(d)(i))**	**Surplus reserve (note 25(d)(ii))**	**Share-based payment reserve (note 25(d)(iii))**	**Other reserve (note 25(d)(iv))**	**Exchange reserve (note 25(d)(v))**	**Retained profits**	**Total**
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2010		91,360	1,050,786	70,216	27,365	2,982	(2,576)	493,271	1,733,404
Changes in equity for the year ended 30 June 2011:									
Profit for the year		–	–	–	–	–	–	304,393	304,393
Other comprehensive income		–	–	–	–	–	(5,504)	–	(5,504)
Total comprehensive income		–	–	–	–	–	(5,504)	304,393	298,889
Dividend declared and paid	25(a)	–	(45,256)	–	–	–	–	–	(45,256)
Equity settled share-based payments	25(a)	–	–	–	25,839	–	–	–	25,839
Appropriation to surplus reserve		–	–	60,125	–	–	–	(60,125)	–
Balance at 30 June 2011		91,360	1,005,530	130,341	53,204	2,982	(8,080)	737,539	2,012,876

The notes on pages 41 to 91 form part of these consolidated financial statements.

For the year ended 30 June 2012
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company							
		Share capital	Share premium (note 25(d)(i))	Surplus reserve (note 25(d)(ii))	Share-based payment reserve (note 25(d)(iii))	Other reserve (note 25(d)(iv))	Exchange reserve (note 25(d)(v))	Retained profits	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2011		91,360	1,005,530	130,341	53,204	2,982	(8,080)	737,539	2,012,876
Changes in equity for the year ended 30 June 2012:									
Profit for the year		–	–	–	–	–	–	259,193	259,193
Other comprehensive income		–	–	–	–	–	(13,204)	–	(13,204)
Total comprehensive income		–	–	–	–	–	(13,204)	259,193	245,989
Dividend declared and paid	25(a)	–	(47,454)	–	–	–	–	–	(47,454)
Equity settled share-based payments	25(a)	–	–	–	25,637	–	–	–	25,637
Appropriation to surplus reserve		–	–	29,354	–	–	–	(29,354)	–
Balance at 30 June 2012		91,360	958,076	159,695	78,841	2,982	(21,284)	967,378	2,237,048

The notes on pages 41 to 91 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2012
(Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Operating activities			
Cash generated from operations	20(b)	**229,335**	270,895
PRC income tax paid		**(62,548)**	(55,803)
Net cash generated from operating activities		**166,787**	215,092
Investing activities			
Payment for the purchase of property, plant and equipment		**(14,344)**	(142,399)
Payment for construction in progress		**(163,697)**	(154,967)
Interest received		**17,488**	14,944
Investment in a jointly controlled entity	16	**(3,072)**	—
Net cash used in investing activities		**(163,625)**	(282,422)
Financing activities			
Dividend paid		**(47,455)**	(45,256)
Net cash used in financing activities		**(47,455)**	(45,256)
Net decrease in cash and cash equivalents		**(44,293)**	(112,586)
Cash and cash equivalents at beginning of the year		**1,257,031**	1,369,617
Cash and cash equivalents at end of the year	20(a)	**1,212,738**	1,257,031

The notes on pages 41 to 91 form part of these consolidated financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2012 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The consolidated financial statements are presented in Renminbi Yuan ("RMB"), rounded to the nearest thousand. The functional currency of the Company and its subsidiary in Hong Kong is Hong Kong dollars ("HK$"), and the functional currency of the Company's subsidiary in Fujian, the PRC is RMB.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

Judgements made by management in the application of HKFRSs that have significant effect on these financial statements and major sources of estimation uncertainty are discussed in note 29.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 1(i)(ii)).

(d) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Jointly controlled entities (continued)

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(e) Interests in leasehold land held for own use under operating leases

Interests in leasehold land held for own use under operating leases represent payments made to acquire leasehold land, and are carried at cost less accumulated amortisation and impairment losses (see note 1(i)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leasehold land.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Plant and machineries	10–20 years
— Buildings	20 years
— Leasehold improvements	Over the shorter of 5 years and the lease term
— Motor vehicles	10 years
— Furniture and fixtures	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 1(i)(ii)). Cost comprises direct costs of construction as well as borrowing costs (see note 1(u)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(h) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) Impairment of trade and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at cost or amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- interests in leasehold land held for own use under operating leases;

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— prepayments for construction costs;

— deposits for the purchase of property, plant and equipment; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period when the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(i)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and 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 into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

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

(ii) Contributions to appropriate provident fund in Hong Kong and appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(iii) The fair value of share options granted to employees is recognised as staff cost with a corresponding increase in share-based payment reserve within equity. The fair value is measured at the grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the directors and employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original staff cost qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On the vesting dates, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to the retained profits).

If the grant of share options is cancelled or settled during the vesting period (other than grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting and the amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for the tax purpose, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

(iii) (continued)

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods, the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of entities with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Translation of foreign currencies (continued)

On disposal of a subsidiary with functional currency other than RMB, the cumulative amount of the exchange differences relating to that subsidiary is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, no development costs satisfy the criteria for the recognition of such costs as an asset. Both research and development costs are therefore recognised as expenses in the period in which they are incurred.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Related parties (continued)

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Amendments)	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 (Amendments)	*Disclosures — Transfers of Financial Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)–Int 14 Amendments	*Prepayments of a Minimum Funding Requirement*
Improvements to HKFRSs 2010	*Amendments to a number of HKFRSs issued in May 2010*

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 29 to the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 TURNOVER

The principal activities of the Group are the manufacture and sales of high precision industrial automation instrument and technology products as well as horological instruments.

Turnover represents the sales value of goods sold less returns, discounts, value added taxes and other sales taxes. The amount of each significant category of revenue recognised during the year is as follows:

	2012 **RMB'000**	2011 RMB'000
Sales of automation instrument and technology products	**757,116**	741,597
Sales of horological instruments	**110,959**	159,016
	868,075	900,613

During the year ended 30 June 2012, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2011: Nil).

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2012 **RMB'000**	2011 RMB'000
Other revenue		
Bank interest income	**17,488**	14,944
Government grants *(Note (i))*	**335**	1,583
	17,823	16,527
Other net income/(loss)		
Net foreign exchange income/(loss)	**1,080**	(12,387)

Note:

(i) Government grants represent various forms of incentives and subsidies granted to the PRC subsidiary by the local authorities. The government grants were unconditional.

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2012 RMB'000	2011 RMB'000
(a) Staff costs:		
Contributions to defined contribution retirement plans	1,829	1,105
Equity-settled share-based payment expenses *(note 24)*	25,637	25,839
Salaries, wages and other benefits	43,359	38,798
	70,825	65,742

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiary participates in a defined contribution retirement benefit scheme ("the Scheme") organised by the PRC municipal government authority in the Fujian province whereby the Group is required to make a contribution at the rate of 18% of the eligible employees' salaries to the Scheme. The Group has accrued for the required pension fund contributions, which are remitted to the social security office in the Fujian province when the contributions become due. The social security office in the Fujian province is responsible for making the benefit payments to the retired employees covered under the Scheme.

The Group maintains a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the employees' relevant income (up to a cap of monthly relevant income of HK$20,000 before 1 June 2012 and HK$25,000 from 1 June 2012 onwards) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other material obligation for the payment of pension benefits associated with the two schemes beyond the annual contributions described above.

5 PROFIT BEFORE TAXATION (continued)

	2012 RMB'000	2011 RMB'000
(b) Other items:		
Depreciation	**24,914**	17,047
Amortisation	**227**	227
Reversal of impairment losses on trade and other receivables *(note 19(b))*	**(919)**	(612)
Research and development costs	**26,895**	10,318
Reversal of provision for warranties *(note 23)*	**(229)**	(444)
Auditors' remuneration	**1,650**	1,603
Operating lease charges in respect of properties	**1,771**	1,859
Cost of inventories*	**475,307**	462,169

* *Cost of inventories includes RMB42,822,000 (2011: RMB34,372,000) relating to staff costs, depreciation and amortisation expenses, amounts of which are also included in the respective total amounts disclosed separately above or in note 5(a) for each of these types of expenses.*

6 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2012 RMB'000	2011 RMB'000
Current tax — PRC Income Tax		
Provision for the year	**51,048**	61,932
Deferred tax		
Origination and reversal of temporary differences *(note 22(b))*	**101**	79
	51,149	62,011

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) No provision has been made for Hong Kong Profits Tax as the Group does not have assessable profits subject to Hong Kong Profits Tax during the year.

6 INCOME TAX (continued)

(a) Income tax in the consolidated income statement represents: (continued)

(iii) Pursuant to the income tax rules and regulations of the PRC, a recognised Advanced and New Technology Enterprise ("ANTE") that meets the conditions according to the *Notice on Issuance of the Administrative Measures governing the Recognition of Advanced and New Technology Enterprises* issued on 14 April 2008 is entitled to a reduced income tax rate of 15%. On 12 December 2008, Fujian Wide Plus Precision Instrument Co., Ltd. ("Fujian Wide Plus") was recognised as an ANTE as approved by the relevant authorities.

From 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. As Fujian Wide Plus is directly and wholly held by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax under the double tax arrangement between Hong Kong and the PRC. Deferred tax liabilities have been recognised for undistributed retained profits of Fujian Wide Plus earned since 1 January 2008 to the extent that the profits are likely to be distributed in the foreseeable future.

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	2012 **RMB'000**	2011 RMB'000
Profit before taxation	**310,342**	366,404
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	**84,740**	102,385
Tax concessions	**(34,032)**	(40,930)
Tax effect of non-deductible expenses	**441**	556
Actual income tax expense	**51,149**	62,011

(Expressed in Renminbi Yuan unless otherwise indicated)

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

2012

	Fees RMB'000	Basic salaries, allowances and other benefits in kind RMB'000	Contributions to retirement benefit scheme RMB'000	Share-based payments RMB'000	Bonuses RMB'000	Total RMB'000
Executive directors						
Mr. Wong Fun Chung	—	1,013	10	526	—	1,549
Mr. Zou Chong	—	463	4	3,944	—	4,411
Mr. Su Fang Zhong	—	464	—	3,944	—	4,408
Mr. Cheung Chuen	—	743	10	1,972	—	2,725
Independent non-executive directors						
Dr. Hu Guo Qing	98	—	—	131	—	229
Ms. Ji Qin Zhi	98	—	—	131	—	229
Mr. Chan Yuk Hiu, Taylor	98	—	—	131	—	229
Total	294	2,683	24	10,779	—	13,780

2011

	Fees RMB'000	Basic salaries, allowances and other benefits in kind RMB'000	Contributions to retirement benefit scheme RMB'000	Share-based payments RMB'000	Bonuses RMB'000	Total RMB'000
Executive directors						
Mr. Wong Fun Chung	—	1,050	10	530	—	1,590
Mr. Zou Chong	—	477	3	3,975	—	4,455
Mr. Su Fang Zhong	—	477	—	3,975	—	4,452
Mr. Cheung Chuen	—	776	10	1,988	—	2,774
Independent non-executive directors						
Dr. Hu Guo Qing	102	—	—	133	—	235
Ms. Ji Qin Zhi	102	—	—	133	—	235
Mr. Chan Yuk Hiu, Taylor	102	—	—	133	—	235
Total	306	2,780	23	10,867	—	13,976

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three individuals were also directors of the Company (2011: three) whose remuneration is disclosed in note 7 above. The aggregate of the emoluments in respect of the other two individuals (2011: two) are as follows:

	2012 RMB'000	2011 RMB'000
Contributions to retirement benefit scheme	**20**	19
Salaries and other emoluments	**713**	657
Equity-settled share-based payments	**6,705**	6,759
	7,438	7,435

The emoluments of the remaining individual are within the following bands:

	2012 Number of individuals	2011 Number of individuals
HK$2,000,001 to HK$3,000,000	**1**	1
HK$4,000,001 to HK$5,000,000	**1**	—
HK$6,000,001 to HK$7,000,000	**—**	1
	2	2

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB33,747,000 (2011: RMB33,394,000) which has been dealt with in the financial statements of the Company.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB259,193,000 (2011: RMB304,393,000) and the number of 1,037,500,000 ordinary shares (2011: 1,037,500,000 ordinary shares) in issue during the year.

10 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB259,193,000 (2011: RMB304,393,000) and the weighted average number of ordinary shares in issue adjusted for the potential dilutive effect caused by the share options assuming they were exercised during the year. For the year ended 30 June 2012, the share options had no dilutive effect as the average market price of ordinary shares during the year did not exceed the exercise price of the options.

	2012	2011
	'000	'000
Weighted average number of ordinary shares (basic)	**1,037,500**	1,037,500
Effect of deemed issue of shares under the Company's share option scheme	**–**	547
Weighted average number of ordinary shares (diluted)	**1,037,500**	1,038,047

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Automation instrument and technology products: the manufacture and trading of intelligent display instruments, flow accumulate instruments, pressure transmitters and logging control instruments.

Horological instruments: the manufacture and trading of multi-functional all-plastic quartz watch movements.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade and other payables, provision for warranties and current tax payable attributable to the individual segments.

11 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at reportable segment profit, the Group's profit from operations is adjusted for items not specifically attributed to individual segments, such as head office or corporate administrative expenses. In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue and additions to non-current segment assets.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2012 and 2011 is set out below.

	Automation instrument and technology products		Horological instruments		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment revenue	**757,116**	741,597	**110,959**	159,016	**868,075**	900,613
Reportable segment profit (adjusted profit from operations)	**330,706**	361,794	**28,135**	62,453	**358,841**	424,247

	Automation instrument and technology products		Horological instruments		Total	
	At 30 June 2012	At 30 June 2011	**At 30 June 2012**	At 30 June 2011	**At 30 June 2012**	At 30 June 2011
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment assets	**914,622**	737,751	**204,258**	182,317	**1,118,880**	920,068
Addition to non-current segment assets during the year	**149,885**	217,189	**25,748**	46,801	**175,633**	263,990
Reportable segment liabilities	**76,753**	106,316	**10,133**	33,203	**86,886**	139,519

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2012 RMB'000	2011 RMB'000
Revenue		
Reportable segment revenue	868,075	900,613
Consolidated turnover	868,075	900,613

	2012 RMB'000	2011 RMB'000
Profit		
Reportable segment profit	358,841	424,247
Unallocated head office and corporate expenses	(48,499)	(57,843)
Consolidated profit before taxation	310,342	366,404

	2012 RMB'000	2011 RMB'000
Assets		
Reportable segment assets	1,118,880	920,068
Unallocated head office and corporate assets	1,274,871	1,325,630
Consolidated total assets	2,393,751	2,245,698

	2012 RMB'000	2011 RMB'000
Liabilities		
Reportable segment liabilities	86,886	139,519
Unallocated head office and corporate liabilities	69,817	93,303
Consolidated total liabilities	156,703	232,822

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SEGMENT REPORTING (continued)

(c) Geographical segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, construction in progress, interests in leasehold land held for own use under operating leases, prepayments for construction cost and deposits for the purchase of property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenues from external customers		Specified non-current assets	
			At 30 June	At 30 June
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong	43,493	41,406	970	1,167
PRC (excluding Hong Kong)	824,582	859,207	664,817	517,359
	868,075	900,613	665,787	518,526

(Expressed in Renminbi Yuan unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and machineries RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Total RMB'000
Cost:						
At 1 July 2010	149,754	39,990	3,957	2,464	3,790	199,955
Additions	94,594	7,853	7,347	269	2,792	112,855
Transfer from construction in progress *(note 13)*	3,627	—	—	—	—	3,627
Exchange adjustment	—	—	(18)	—	(43)	(61)
At 30 June 2011	247,975	47,843	11,286	2,733	6,539	316,376
At 1 July 2011						
Additions	10,501	243	1,193	56	2,415	14,408
Transfer from construction in progress *(note 13)*	67,276	277,298	—	—	—	344,574
Disposal	—	—	—	—	(63)	(63)
Exchange adjustment	—	—	(5)	—	(21)	(26)
At 30 June 2012	325,752	325,384	12,474	2,789	8,870	675,269
Accumulated depreciation:						
At 1 July 2010	29,417	167	1,819	370	2,142	33,915
Charge for the year	13,849	1,783	585	222	608	17,047
Exchange adjustment	—	—	(18)	—	(9)	(27)
At 30 June 2011	43,266	1,950	2,386	592	2,741	50,935
At 1 July 2011						
Charge for the year	19,634	2,124	1,863	248	1,045	24,914
Disposal	—	—	—	—	(53)	(53)
Exchange adjustment	—	—	(5)	—	(3)	(8)
At 30 June 2012	62,900	4,074	4,244	840	3,730	75,788
Net book value:						
At 30 June 2011	204,709	45,893	8,900	2,141	3,798	265,441
At 30 June 2012	262,852	321,310	8,230	1,949	5,140	599,481

(Expressed in Renminbi Yuan unless otherwise indicated)

13 CONSTRUCTION IN PROGRESS

	The Group
	RMB'000
At 1 July 2010	30,308
Additions	154,196
Transfer to property, plant and equipment *(note 12)*	(3,627)
At 30 June 2011	180,877
At 1 July 2011	180,877
Additions	163,697
Transfer to property, plant and equipment *(note 12)*	(344,574)
At 30 June 2012	—

Construction in progress comprises costs incurred on plant and machineries and buildings not yet completed at the end of respective reporting periods.

14 INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	The Group	
	2012	2011
	RMB'000	RMB'000
Cost:		
At 1 July 2010, 30 June 2011 and 30 June 2012	**10,656**	10,656
Accumulated amortisation:		
At 1 July 2011/2010	**341**	114
Charge for the year	**227**	227
At 30 June 2012/2011	**568**	341
Net book value:		
At 30 June	**10,088**	10,315

	2012	2011
	RMB'000	RMB'000
Representing:		
Non-current portion	**9,861**	10,088
Current portion included in "Other prepayments, deposits and receivables" *(note 19)*	**227**	227
	10,088	10,315

Interests in leasehold land held for own use under operating leases represent payments for land use rights in the PRC with lease term expiring in 2056.

15 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012	2011
	RMB'000	RMB'000
Unlisted equities, at cost	**342**	342
Amounts due from subsidiaries	**924,479**	944,054
	924,821	944,396

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (continued)

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, except for the amount as disclosed in note 17, the amounts due from subsidiaries will not be repaid within twelve months from the end of the reporting period and are, therefore, presented in the statement of financial position as non-current.

Details of the Company's subsidiaries at 30 June 2012 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Particulars of issued and fully paid up share capital/registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Wide Plus High Precision Automation Limited	Hong Kong	10,000 shares of HK$1 each	100%	—	Investment holding
Fujian Wide Plus Precision Instrument Co., Ltd. ("Fujian Wide Plus")*	PRC	RMB557,937,866	—	100%	Manufacture and sale of high precision industrial automation instrument and technology products and multi-functional all plastic quartz watch movements

* *Fujian Wide Plus is a wholly foreign owned enterprise established in PRC. The English translation of the company name is for reference only. The official name of Fujian Wide Plus is in Chinese.*

16 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	The Group	
	2012	2011
	RMB'000	RMB'000
Unlisted investment, at cost	**3,072**	—
Share of profit for the year	**—**	—
Group's share of net assets	**3,072**	—

16 INVESTMENT IN A JOINTLY CONTROLLED ENTITY (continued)

Details of the group's investment in a jointly controlled entity at 30 June 2012 are as follows:

			Proportion of ownership interest			
Name of jointly controlled entity	**Place of incorporation/ establishment and operation**	**Registered capital paid**	**Group effective interest**	**Held by the company**	**Held by a subsidiary**	**Principal activities**
Baotou Wide Plus Precision Instrument Co., Ltd. ("Baotou Wide Plus")	PRC	RMB3,072,000	49%	–	49%	Manufacture and sale of high precision industrial automation instrument and technology products and industrial automation system integrator

As at 30 June 2012, the jointly controlled entity did not yet commence business. As at 30 June 2012, the partner of the jointly controlled entity had not yet made capital contribution. Other than the capital injected during the year, there was no other business transaction for the year.

17 AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary was unsecured, interest-free and fully repaid during the year.

18 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group	
	2012	2011
	RMB'000	RMB'000
Raw materials and consumables	**49,103**	38,605
Work in progress	**7,092**	5,463
Finished goods	**18,562**	6,478
	74,757	50,546

(b) An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2012	2011
	RMB'000	RMB'000
Cost of inventories sold	**475,307**	462,169

(Expressed in Renminbi Yuan unless otherwise indicated)

19 TRADE AND OTHER RECEIVABLES

	The Group	
	2012	2011
	RMB'000	RMB'000
Trade receivables	**433,562**	414,003
Less: allowance for doubtful debts *(note 19(b))*	**(293)**	(1,212)
	433,269	412,791
Other prepayments, deposits and receivables	**4,767**	4,338
	438,036	417,129

All of the trade and other receivables are expected to be recovered or recognised as an expense within one year. The Group's credit policy is set out in note 26(a). The Group generally grants credit periods of 120 days to 180 days from the date of billing to its customers.

(a) Ageing analysis

An ageing analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period is as follows:

	The Group	
	2012	2011
	RMB'000	RMB'000
Neither past due nor impaired (current)	**410,993**	412,445
Less than 1 month past due	**22,276**	1
1 to 3 months past due	**–**	345
Amounts past due	**22,276**	346
	433,269	412,791

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

19 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis (continued)

Receivables that were past due but not impaired relate to a wide range of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see note 1(i)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2012 RMB'000	2011 RMB'000
At 1 July 2011/2010	**1,212**	1,824
Write-back of impairment losses	**(1,212)**	(1,824)
Impairment loss recognised	**293**	1,212
At 30 June 2012/2011	**293**	1,212

The individually impaired receivables related to customers and other third parties that were in financial difficulties and management assessed that only a portion of the receivables are expected to be recovered. Consequently, specific allowances for doubtful debts of RMB293,000 (2011: RMB1,212,000) were recognised. The Group does not hold any collateral over these balances.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Time deposits	**39,346**	119,240	**—**	—
Cash at bank and in hand	**1,173,392**	1,137,791	**493**	502
	1,212,738	1,257,031	**493**	502

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2012** **RMB'000**	2011 RMB'000
Profit before taxation		**310,342**	366,404
Adjustments for:			
— Depreciation	5(b)	**24,914**	17,047
— Amortisation	5(b)	**227**	227
— Interest income	4	**(17,488)**	(14,944)
— Equity-settled share-based payment expenses	5(a)	**25,637**	25,839
— Reversal of provision for doubtful debts		**(919)**	—
— Reversal of over-provided trade payables		**(682)**	—
— Unrealised exchange differences		**(13,239)**	(5,471)
Operating profit before changes in working capital		**328,792**	389,102
Increase in inventories		**(24,210)**	(12,084)
Increase in trade and other receivables		**(11,242)**	(132,860)
(Decrease)/increase in trade and other payables		**(64,078)**	27,376
Increase/(decrease) in provision for warranties		**73**	(639)
Cash generated from operations		**229,335**	270,895

(c) As at 30 June 2012, the balances that were placed with banks in the PRC and included in the cash and cash equivalents above amounted to RMB1,202,978,000 (2011: RMB1,205,181,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

21 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**86,312**	139,019	**–**	–
Other payables and accruals	**45,178**	57,231	**1,650**	1,564
	131,490	196,250	**1,650**	1,564

Included in trade and other payables are trade payables with the following ageing analysis at the end of the reporting period. The credit periods granted by various suppliers generally range from 120 days to 150 days.

	The Group	
	2012	2011
	RMB'000	RMB'000
Due within 1 month or on demand	**2,260**	3,643
Due after 1 month but within 3 months	**45,854**	78,575
Due after 3 months but within 6 months	**38,198**	56,801
	86,312	139,019

All of the trade and other payables are expected to be settled within one year.

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2012	2011
	RMB'000	RMB'000
Provision for PRC Income Tax	**6,572**	18,050

(Expressed in Renminbi Yuan unless otherwise indicated)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets/(liabilities) recognised:

	The Group			
	Provisions	**Accelerated tax depreciation**	**Undistributed profits of PRC subsidiary**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:				
At 1 July 2010	2,489	(341)	(17,625)	(15,477)
Charged to profit or loss	(23)	(56)	—	(79)
At 30 June 2011	2,466	(397)	(17,625)	(15,556)
At 1 July 2011	2,466	(397)	(17,625)	(15,556)
Charged to profit or loss	(33)	(45)	—	(78)
At 30 June 2012	2,433	(442)	(17,625)	(15,634)

	2012	2011
	RMB'000	RMB'000
Deferred tax assets recognised on the consolidated statement of financial position	**2,433**	2,466
Deferred tax liabilities recognised on the consolidated statement of financial position	**(18,067)**	(18,022)
	(15,634)	(15,556)

(c) Deferred tax not recognised:

At 30 June 2012, temporary differences relating to the undistributed profits of the Group's PRC subsidiary amounted to RMB1,247,305,000 (2011: RMB953,765,000). Deferred tax liabilities of RMB44,739,000 (2011: RMB30,063,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of the PRC subsidiary and the directors have determined that a portion of these profits will not be distributed in the foreseeable future.

23 PROVISION FOR WARRANTIES

	The Group
	RMB'000
At 1 July 2010	1,139
Additional provision made	297
Provision utilised	(195)
Unutilised provision reversed	(741)
At 30 June 2011	500
At 1 July 2011	500
Additional provision made	303
Provision utilised	(229)
At 30 June 2012	574

Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within 18 months of delivery of automation instrument and technology products to customers. Provision is therefore made for the best estimate of the expected settlements under these agreements in respect of sales made prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and provision is only made where a warranty claim is probable.

24 EQUITY-SETTLED SHARE-BASED PAYMENTS

Pursuant to the shareholder's written resolution passed on 28 October 2009, the Company has adopted a share option scheme (the "Scheme") whereby the directors of the Company are authorised, at their discretion, to invite any directors and employees of the Group, to take up options to subscribe for the shares of the Company. The Scheme will remain in force for a period of 10 years from the effective date of such scheme and will expire on 13 November 2019.

Under the Scheme, the directors may at their discretion to grant options to (i) any employee of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity"); (ii) any executive and non-executive directors of any member of the Group or any Invested Entity; (iii) any supplier and customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or (vi) any adviser or consultant of any member of the Group or any Invested Entity to subscribe for the shares of the Company.

(Expressed in Renminbi Yuan unless otherwise indicated)

24 EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the directors. The exercise price is determined by the directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares. No share options were granted to the Company's directors and employees during the year ended 30 June 2012 (2011: 39,000,000 share options).

(a) The terms and conditions of the grants are as follows:

Date of grant		**Number of options granted**	**Vesting conditions**	**Contractual life of options**
Options granted to directors:				
18 March 2011	Lot 1	4,920,000	0.5 month after the date of grant	5 years
18 March 2011	Lot 2	4,920,000	12.5 months after the date of grant	5 years
18 March 2011	Lot 3	6,560,000	24.5 months after the date of grant	5 years
Options granted to employees:				
18 March 2011	Lot 1	6,780,000	0.5 month after the date of grant	5 years
18 March 2011	Lot 2	6,780,000	12.5 months after the date of grant	5 years
18 March 2011	Lot 3	9,040,000	24.5 months after the date of grant	5 years
		39,000,000		

24 EQUITY-SETTLED SHARE-BASED PAYMENTS (continued)

(b) The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price	**Number of options**
		’000
Outstanding at 1 July 2010	—	—
Granted during the year	HK$5.6	39,000
Outstanding at 30 June 2011 and 30 June 2012	HK$5.6	39,000

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes-Merton Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes-Merton Option Pricing Model.

Fair value of share options and assumptions

	2011		
	Lot 1	Lot 2	Lot 3
Fair value at measurement date *(HK$)*	1.73789	1.88545	2.01633
Share price *(HK$)*	5.5	5.5	5.5
Exercise price *(HK$)*	5.6	5.6	5.6
Expected volatility	53.67%	53.67%	53.67%
Expected option life	2.5 years	3 years	3.5 years
Expected dividends	0.95%	0.95%	0.95%
Risk-free rate	0.77%	0.95%	1.14%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

(Expressed in Renminbi Yuan unless otherwise indicated)

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Share premium	Share-based payment reserve	Exchange reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2010	91,360	1,050,786	27,365	(10,167)	(64,332)	1,095,012
Changes in equity for the year						
Profit for the year	—	—	—	—	(33,394)	(33,394)
Other comprehensive income	—	—	—	(48,867)	—	(48,867)
Total comprehensive income	—	—	—	(48,867)	(33,394)	(82,261)
Dividend declared and paid	—	(45,256)	—	—	—	(45,256)
Equity settled share-based payments	—	—	25,839	—	—	25,839
Balance at 30 June 2011	91,360	1,005,530	53,204	(59,034)	(97,726)	993,334
Balance at 1 July 2011	91,360	1,005,530	53,204	(59,034)	(97,726)	993,334
Changes in equity for the year						
Profit for the year	—	—	—	—	(33,747)	(33,747)
Other comprehensive income	—	—	—	(14,106)	—	(14,106)
Total comprehensive income	—	—	—	(14,106)	(33,747)	(47,853)
Dividend declared and paid	—	(47,454)	—	—	—	(47,454)
Equity settled share-based payments	—	—	25,637	—	—	25,637
Balance at 30 June 2012	91,360	958,076	78,841	(73,140)	(131,473)	923,664

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2012 RMB'000	2011 RMB'000
Dividend proposed after the end of the reporting period of HK2 cents per ordinary share (2011: HK5.5 cents per ordinary share)	**16,999**	47,454

The dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Authorised and issued share capital

There was no movements of the authorised share capital of the Company during the years ended 30 June 2011 and 2012:

	Par value	**Number of shares**	**Nominal value of ordinary shares**	
	HK$	'000	HK$'000	RMB'000
Authorised:				
At 1 July 2010, 30 June 2011 and 30 June 2012	0.1	10,000,000	1,000,000	880,500

There was no movement in the Company's issued share capital during the years ended 30 June 2011 and 2012:

	Par value	**Number of shares**	**Nominal value of ordinary shares**	
	HK$	'000	HK$'000	RMB'000
Issued and fully paid:				
At 1 July 2010, 30 June 2011 and 30 June 2012	0.1	1,037,500	103,750	91,360

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Authorised and issued share capital (continued)

Note:

(i) As at 30 June 2012, the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserve

(i) Share premium

In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

(ii) Surplus reserve

Pursuant to applicable PRC regulations, the PRC subsidiary of the Group are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to equity holders. The statutory reserve can be used, upon approval by the relevant authorities to offset the accumulated losses or to increase the registered capital of the subsidiary, provided that the balance of the reserve after such increase is not less than 25% of its registered capital.

(iii) Share-based payment reserve

Share-based payment reserve represents the fair value of employee services in respect of share options granted to certain directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(o)(iii).

(iv) Other reserve

Other reserve arisen from the Group's reorganisation completed on 3 April 2008.

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserve (continued)

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policies set out in note 1(s).

(vi) Distributable reserve

At 30 June 2012, the aggregate amounts of distributable reserves available for distribution to the equity shareholders of the Company, including the distributable amounts disclosed in note 25(d)(i) were RMB826,603,000 (2011: RMB907,804,000). After the end of the reporting period, the directors proposed a dividend of HK2 cents per ordinary share (2011: HK5.5 cents per ordinary share), amounting to RMB16,999,000 (2011: RMB47,454,000). This dividend has not been recognised as a liability at the end of the reporting period.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines "capital" as including all components of equity plus advance from shareholders with no fixed terms of repayment, less unaccrued proposed dividends. On this basis, the amount of capital employed at 30 June 2012 was RMB2,220,049,000 (2011: RMB1,965,422,000).

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the company laws of the jurisdictions concerned for each of the entities comprising the Group. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, commodity price, supply and foreign currency risks arises in the normal course of the Group's business. These risks are managed by the Group's financial risk management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade receivables and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables are presented net of the allowance for impairment of doubtful debts. Credit risks and exposures are controlled and monitored on an on-going basis by performing credit evaluation on customers on a case-by-case basis. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 120 to 180 days from the date of billing. Debtors with balances that are more than three months overdue are requested to settle all outstanding balances before further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

At the end of the reporting period, the Group has a certain concentration of credit risk arising from trade receivables as 8% (2011: 18%) and 36% (2011: 34%) of the total trade receivables were due from the Group's largest customer and the five largest customers as at 30 June 2012.

The Group's bank deposits are placed with major financial institutions and the Group considers the credit risk to be insignificant. At the end of the reporting period, the Group has a certain concentration of credit risk arising from deposits with banks as 96% of total cash and cash equivalents were deposited at one financial institution in the PRC (2011: 81%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

The Group does not provide any guarantees which would expose the Group to credit risk.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	2012			2011		
	Contractual undiscounted cash outflow			Contractual undiscounted cash outflow		
	Within 1 year or on demand	**Total**	**Carrying amount at 30 June**	Within 1 year or on demand	Total	Carrying amount at 30 June
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Trade and other payables	**131,490**	**131,490**	**131,490**	196,250	196,250	196,250

The Company

	2012			2011		
	Contractual undiscounted cash outflow			Contractual undiscounted cash outflow		
	Within 1 year or on demand	**Total**	**Carrying amount at 30 June**	Within 1 year or on demand	Total	Carrying amount at 30 June
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Other payables and accruals	**1,650**	**1,650**	**1,650**	1,564	1,564	1,564

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank. The following table details the interest rate profile of the Group's interest-generating financial assets at the end of the reporting period.

(i) Interest rate profile

	The Group			
	2012		2011	
	Effective interest rate	**RMB'000**	Effective interest rate	RMB'000
Fixed rate instruments:				
Time deposits	**0.15%–5.35%**	**39,346**	0.35%–3.27%	119,240
Variable rate instruments:				
Cash at bank	**0%–0.5%**	**1,173,211**	0%–0.5%	1,137,551
Total instruments		**1,212,557**		1,256,791

(ii) Sensitivity analysis

At 30 June 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately RMB11,600,000 (2011: RMB10,823,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for all non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2011.

(d) Commodity price risk

The major components used in the production of the Group's products included copper coils. The Group is exposed to fluctuations in the prices of copper coils which are influenced by global as well as regional supply and demand conditions. Fluctuations in the price of copper coils could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Supply risk

The Group sources most of main raw materials from a limited group of suppliers. Interruption or reduction of supply of these raw materials could adversely affect the Group's financial performance. The Group's policy is to regularly monitor the stock level of raw materials to ensure that it maintains sufficient raw materials to meet its production schedules and commitments to customers in the short and longer term. Management does not expect that there will be difficulties to obtain adequate supplies of raw materials and components in a timely manner and at a stable cost. During the year ended 30 June 2012, the Group's supplies of raw materials from the five largest suppliers represented 76% (2011: 75%) of the Group's total raw materials purchases.

(f) Currency risk

(i) Foreign currency transactions

The Group is exposed to foreign currency risk primarily through sales which give rise to receivables and cash balances that are denominated in a currency other than the functional currency of the operations to which they relate.

The currencies giving rise to this risk are primarily United States dollars ("USD") and Hong Kong dollars ("HK$"). During the year, sales denominated in these foreign currencies represented 5% (2011: 5%) of the Group's total turnover. The Group does not employ any financial instruments for hedging its exposures to foreign currency risk.

(ii) Recognised assets and liabilities

In respect of other trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The Company does not expose to significant currency risks as the majority of the Company's assets and liabilities are denominated in Hong Kong Dollars.

(Expressed in Renminbi Yuan unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Currency risk (continued)

(iii) Exposure to currency risk (continued)

The Group

	Exposure to foreign currencies (expressed in Renminbi Yuan)			
	2012		2011	
	Hong Kong Dollars $'000	**United States Dollars $'000**	Hong Kong Dollars $'000	United States Dollars $'000
Trade and other receivables	**443**	**317**	1,637	538
Cash and cash equivalents	**24,810**	**26,282**	128,673	105,316
Trade and other payables	**(460)**	**(718)**	(4,355)	(1,117)
Overall exposure	**24,793**	**25,881**	125,955	104,737

(iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The Group

	2012		2011	
	Increase/ (decrease) in foreign exchange rate	**Increase/ (decrease) in profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in profit after tax and retained profits RMB'000
HK$	**5%**	**1,054**	5%	5,353
	(5)%	**(1,054)**	(5)%	(5,353)
USD	**5%**	**1,100**	5%	4,451
	(5)%	**(1,100)**	(5)%	(4,451)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Currency risk (continued)

(iv) Sensitivity analysis (continued)

The Group

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside the PRC into the Group's presentation currency. The analysis is performed on the same basis for 2011.

(g) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2012 and 2011.

27 COMMITMENTS

(a) Operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**1,739**	2,180
After 1 year but within 5 years	**4,672**	4,306
After 5 years	**4,461**	6,403
	10,872	12,889

(Expressed in Renminbi Yuan unless otherwise indicated)

27 COMMITMENTS (continued)

(a) Operating leases (continued)

The Group is the lessee in respect of a number of properties held under operating leases. The lease of a property located in Hong Kong runs for an initial period of 2 years and the leases of land and properties located in the PRC run for an initial period of 15 years. The leases have options to renew when all terms are renegotiated. The leases do not include contingent rentals.

(b) Capital commitments

Capital commitments outstanding at 30 June not provided for in the financial statements were as follows:

	The Group	
	2012	2011
	RMB'000	RMB'000
Contracted for	**7,299**	35,372
Authorised but not contracted for	**92,516**	214,586
	99,815	249,958

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Non-recurring transactions

	2012	2011
	RMB'000	RMB'000
Transactions with the shareholder		
Settlements of rental expenses on the Group's behalf		
— Mr. Wong Fun Chung *(Note (i))*	**–**	440

Note:

(i) The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 is as follows:

	2012 RMB'000	2011 RMB'000
Short-term employee benefits	**2,971**	3,067
Share-based payments	**11,049**	11,131
Contribution to retirement benefit schemes	**24**	24
	14,044	14,222

Total remuneration is included in "staff costs" (see note 5(a)).

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain.

Notes 24 and 26 contain information about the assumptions and their risk factors relating to fair value of share options granted and financial instruments respectively. Other key areas of estimation uncertainty are as follows:

(a) Provision for warranties

As explained in note 23, the Group makes provision for the warranties it gives on sales of automation instrument and technology products based on the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that the Group will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(b) *Impairments of assets*

The Group reviews the carrying amounts of the assets at the end of each reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Group's net asset value.

Allowance for impairment loss for doubtful debts in respect of trade and other receivables is assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment losses would affect the net profit in future years.

(c) *Write-down of inventories*

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at lower of cost and net realisable value as in accordance with accounting policy as set out in note 1(j). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value.

(d) *Provision for taxation*

Judgement is required in determining the provision for income tax. There are transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.

(e) *Depreciation*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews regularly the useful lives of the assets and their residual values, if any. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(Expressed in Renminbi Yuan unless otherwise indicated)

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards, amendments and interpretations which are not yet effective for the year ended 30 June 2012, and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 7 (Amendments), *Disclosures — Offsetting Financial Assets and Financial Liabilities*	1 January 2013
HKFRS 7 (Amendments), *Mandatory Effective Date of HKFRS 9 and Transition Disclosures*	1 January 2015
HKFRS 9, *Financial Instruments*	1 January 2013
HKFRS 10, *Consolidated Financial Statements*	1 January 2013
HKFRS 11, *Joint Arrangements*	1 January 2013
HKFRS 12, *Disclosure of Interests in Other Entities*	1 January 2013
HKFRS 13, *Fair Value Measurement*	1 January 2013
HKAS 1 (Amendments), *Presentation of Items of Other Comprehensive Income*	1 July 2012
HKAS 12 (Amendments), *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
HKAS 19 (Revised), *Employee Benefits*	1 January 2013
HKAS 27 (Revised), *Separate Financial Statements*	1 January 2013
HKAS 28 (Revised), *Investments in Associates and Joint Ventures*	1 January 2013
HKAS 32 (Amendments), *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
HK(IFRIC) — Int 20, *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

The Group is in the process of making an assessment of what the impact of these new standards, amendments, and interpretations is expected to be in the period of initial application but is not yet in a position to state whether these new standards, amendments, and interpretations would have a significant impact on the Group's results of operations and financial position.

31 EVENTS AFTER THE REPORTING PERIOD

Trading in shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended since 22 August 2012. The Company is in the process of seeking professional advice and appropriate announcement shall be made in due course.

Financial Summary

RESULTS

	For the year ended 30 June				
	2008	2009	2010	2011	**2012**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
	(Note 1)	(Note 1)			
Turnover	600,904	620,003	667,583	900,613	**868,075**
Profit before taxation	241,932	248,566	271,364	366,404	**310,342**
Income tax expenses	(26,925)	(42,834)	(43,706)	(62,011)	**(51,149)**
Profit attributable to equity shareholders of the Company	212,072	199,957	227,658	304,393	**259,193**

ASSETS AND LIABILITIES

	At 30 June				
	2008	2009	2010	2011	**2012**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
	(Note 1)	(Note 1)			
Non-current assets	99,712	141,631	231,536	520,992	**668,220**
Current assets	489,029	521,979	1,692,348	1,724,706	**1,725,531**
Current liabilities	(204,907)	(275,594)	(172,514)	(214,800)	**(138,636)**
Net current assets	284,122	246,185	1,519,834	1,509,906	**1,586,895**
Total assets less current liabilities	383,834	387,816	1,751,370	2,030,898	**2,255,115**
Non-current liabilities	(5,767)	(17,785)	(17,966)	(18,022)	**(18,067)**
Total equity	378,067	370,031	1,733,404	2,012,876	**2,237,048**

Note:

1. The figures for the two years ended 30 June 2008 and 2009 have been extracted from the prospectus of the Company dated 2 November 2009.