



# 中國高精密自動化集團有限公司

## CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

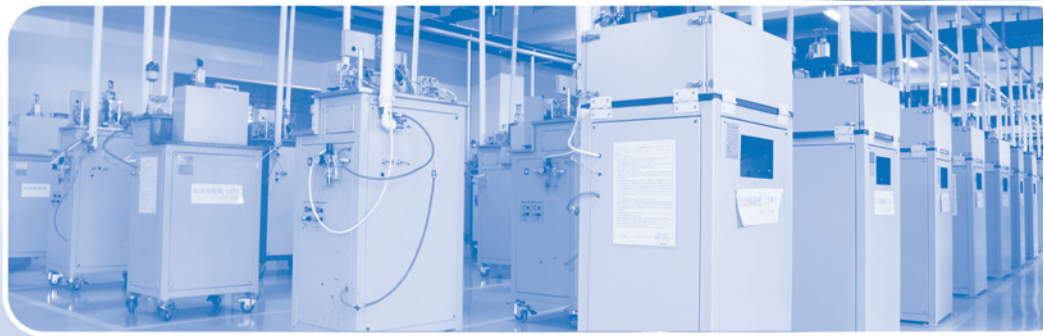
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 591



2012/13  
Interim Report



CHPAG





## Highlights

- Turnover of the Group for the six months ended 31 December 2012 amounted to RMB284,164,000, representing a decrease of about 42.8% as compared with that of the corresponding period in 2011;
- Profit from operations for the six months ended 31 December 2012 amounted to RMB69,489,000, representing a decrease of about 66.6% as compared with that of the corresponding period in 2011;
- Net profit attributable to equity shareholders of the Company for the six months ended 31 December 2012 amounted to RMB58,108,000, representing a decrease of about 66.7% as compared with that of the corresponding period in 2011;
- Basic and diluted earnings per share were RMB5.60 cents and RMB5.60 cents respectively for the six months ended 31 December 2012;
- Shareholders' equity reached RMB2,276,577,000 as at 31 December 2012.

# 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, P.O. Box 2681,  
Grand Cayman,  
KY1-1111,  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN CHINA

16 Xing Ye West Road,  
Mawei Hi-Tech Development Zone,  
Fuzhou 350015,  
The PRC

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 703, Jubilee Centre,  
18 Fenwick Street,  
Wanchai, Hong Kong

### COMPANY'S WEBSITE

[www.chpag.net](http://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*  
Beijing Jinwo Law Firm

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
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

# Consolidated Income Statement

For the six months ended 31 December 2012  
(Expressed in Renminbi Yuan)

## RESULTS

The board (the "Board") of directors (the "Directors") of China High Precision Automation Group Limited (the "Company") herein presents the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2012 (the "Period") as follows:

	Note	Six months ended 31 December	
		2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Turnover</b>	3	<b>284,164</b>	496,790
Cost of sales		<b>(193,248)</b>	(263,656)
<b>Gross profit</b>		<b>90,916</b>	233,134
Other revenue	4	<b>2,991</b>	5,649
Other net income/(loss)	4	<b>1,370</b>	(2,460)
Distribution costs		<b>(3,524)</b>	(4,344)
Administrative expenses		<b>(22,264)</b>	(24,084)
<b>Profit from operations</b>		<b>69,489</b>	207,895
Finance costs	5(a)	—	—
<b>Profit before taxation</b>	5	<b>69,489</b>	207,895
Income tax	6	<b>(11,381)</b>	(33,241)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>58,108</b>	174,654
<b>Earnings per share (RMB cents)</b>	7		
— basic		<b>5.60</b>	16.83
— diluted		<b>5.60</b>	16.83

# Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Profit for the period attributable to equity shareholders of the Company</b>	<b>58,108</b>	174,654
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of financial statements of operations outside the PRC (excluding Hong Kong)	(1,714)	(7,850)
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b>56,394</b>	166,804

# Consolidated Statement of Financial Position

At 31 December 2012  
(Expressed in Renminbi Yuan)

	Note	At 31 December 2012 RMB'000 (Unaudited)	At 30 June 2012 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	595,626	599,481
Construction in progress	9	4,004	—
Interests in leasehold land held for own use under operating leases		9,748	9,861
Deposits for the purchase of property, plant and equipment		50,140	53,373
Investment in a jointly controlled entity	10	3,250	3,072
Deferred tax assets		2,433	2,433
		<b>665,201</b>	668,220
<b>Current assets</b>			
Inventories		100,139	74,757
Trade and other receivables	11	332,323	438,036
Cash and cash equivalents		1,315,482	1,212,738
		<b>1,747,944</b>	1,725,531
<b>Current liabilities</b>			
Trade and other payables	12	114,895	131,490
Current taxation		2,791	6,572
Provision for warranty		815	574
		<b>118,501</b>	138,636
<b>Net current assets</b>		<b>1,629,443</b>	1,586,895
<b>Total assets less current liabilities</b>		<b>2,294,644</b>	2,255,115
<b>Non-current liabilities</b>			
Deferred tax liabilities		18,067	18,067
		<b>18,067</b>	18,067
<b>NET ASSETS</b>		<b>2,276,577</b>	2,237,048
<b>CAPITAL AND RESERVES</b>			
Share capital		91,360	91,360
Reserves		2,185,217	2,145,688
<b>TOTAL EQUITY</b>		<b>2,276,577</b>	2,237,048

# Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012 — unaudited  
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Surplus reserve	Share-based compensation reserve	Other reserve	Exchange reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 July 2011</b>	91,360	1,005,530	130,341	53,204	2,982	(8,080)	737,539	2,012,876
<b>Changes in equity for the year ended 30 June 2012:</b>								
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	—	(47,454)	—	—	—	—	—	(47,454)
Equity settled share-based payments	—	—	—	25,637	—	—	—	25,637
Appropriation to surplus reserve	—	—	29,354	—	—	—	(29,354)	—
<b>Balance at 30 June 2012 and 1 July 2012</b>	<b>91,360</b>	<b>958,076</b>	<b>159,695</b>	<b>78,841</b>	<b>2,982</b>	<b>(21,284)</b>	<b>967,378</b>	<b>2,237,048</b>
<b>Changes in equity for the six months ended 31 December 2012:</b>								
Profit for the period	—	—	—	—	—	—	58,108	58,108
Other comprehensive income	—	—	—	—	—	(1,714)	—	(1,714)
Total comprehensive income	—	—	—	—	—	(1,714)	58,108	56,394
Dividend declared and paid	—	(16,865)	—	—	—	—	—	(16,865)
Appropriation to surplus reserve	—	—	16,682	—	—	—	(16,682)	—
<b>Balance at 31 December 2012</b>	<b>91,360</b>	<b>941,211</b>	<b>176,377</b>	<b>78,841</b>	<b>2,982</b>	<b>(22,998)</b>	<b>1,008,804</b>	<b>2,276,577</b>



# Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Cash generated from operations	145,803	64,493
PRC income tax paid	(15,163)	(35,933)
<b>Net cash generated from operating activities</b>	<b>130,640</b>	28,560
<b>Net cash used in investing activities</b>	<b>(11,030)</b>	(78,480)
<b>Net cash used in financing activities</b>	<b>(16,866)</b>	(45,259)
<b>Net decrease in cash and cash equivalents</b>	<b>102,744</b>	(96,179)
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,212,738</b>	1,257,031
<b>Cash and cash equivalents at end of the period</b>	<b>1,315,482</b>	1,160,852

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 28 February 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial report and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 30 June 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2012 are available from the Company's registered office. The auditors have expressed a true and fair view on those financial statements in their report dated 28 September 2012.

## 2. CHANGES IN ACCOUNTING POLICIES

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. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 1 (Amendments), *Presentation of Items of Other Comprehensive Income*
- HKAS 12 (Amendments), *Deferred Tax: Recovery of Underlying Assets*

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

These developments have had no material impact on the contents of these financial statements.

# Notes to the Unaudited Interim Financial Report

(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, and value added taxes and other sales taxes. The amount of each significant category of revenue recognised during the period presented is as follows:

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Sales of automation instrument and technology products	240,642	432,848
Sales of horological instruments	43,522	63,942
	<b>284,164</b>	496,790

During the six months ended 31 December 2012, there was no customer (unaudited) with whom transactions have exceeded 10% of the Group's turnover (six months ended 31 December 2011: Nil (unaudited)).

## 4. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Other revenue</b>		
Bank interest income	2,813	5,649
Share of profit of a jointly controlled entity	178	—
	<b>2,991</b>	5,649
<b>Other net income/(loss)</b>		
Net exchange gain/(loss)	1,370	(2,460)

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5. PROFIT BEFORE TAXATION

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

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>(a)</b> Finance costs	—	—
<b>(b)</b> Staff costs:		
Contributions to defined contribution retirement plans	943	855
Salaries, wages and other benefits	24,565	24,310
	<b>25,508</b>	25,165

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 employee covered under the Scheme.

The Group maintains a mandatory provident fund (the "MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employees' contributions to the MPF Scheme are based on 5% of the employees' relevant income (up to a cap of monthly relevant income of HK\$25,000) 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.

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>(c)</b> Other items:		
Depreciation	13,694	11,137
Amortisation	113	113
Research and development costs	2,452	4,486
Increase in provision for warranty	241	433
Operating lease charges:		
minimum lease payments — properties	744	867
Cost of inventories (note)	193,248	263,656

Note: Cost of inventories includes RMB21,541,000 (unaudited) (six months ended 31 December 2011: RMB20,308,000 (unaudited)) 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(b) for each of these types of expenses.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 6. INCOME TAX

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Current tax — PRC Income Tax</b>		
Provision for the period	11,381	33,241

- (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 period (unaudited) (six months ended 31 December 2011: Nil (unaudited)).
- (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.

## 7. 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 RMB58,108,000 (unaudited) (six months ended 31 December 2011: RMB174,654,000 (unaudited)) and the weighted average of 1,037,500,000 ordinary shares (unaudited) (six months ended 31 December 2011: 1,037,500,000 ordinary shares (unaudited)) in issue during the interim period, calculated as follows:

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Earnings:</b>		
Net profit (basic and diluted)	58,108	174,654

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 7. EARNINGS PER SHARE (continued)

### (a) Basic earnings per share (continued)

	Six months ended 31 December	
	2012 '000 (Unaudited)	2011 '000 (Unaudited)
<b>Weighted average number of ordinary shares:</b>		
Issued ordinary shares at beginning and end of the period	1,037,500	1,037,500
Weighted average number of ordinary shares (basic)	1,037,500	1,037,500

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 31 December 2012 of RMB58,108,000 (unaudited) (six months ended 31 December 2011: RMB174,654,000 (unaudited)) and weighted average number of ordinary shares in issue adjusted for the potential dilutive effects caused by the share options, assuming they were exercised during the Period. For the six months ended 31 December 2012, the share options had no dilutive effect as the average market price of ordinary shares during the period did not exceed the exercise price of the options.

	Six months ended 31 December	
	2012 '000 (Unaudited)	2011 '000 (Unaudited)
Weighted average number of ordinary shares (basic)	1,037,500	1,037,500
Weighted average number of ordinary shares (diluted)	1,037,500	1,037,500

## 8. 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.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 8. SEGMENT REPORTING (continued)

### (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 other corporate assets. Segment liabilities include trade and other payables as well as provision for warranty attributable to the individual segments.

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 reporting segment profit, the Group's profit from operations is adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. 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 six months ended 31 December 2012 and 2011 is set out below.

For the six months ended 31 December	Automation instrument and technology products		Horological instruments		Total	
	2012	2011	2012	2011	2012	2011
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Reportable segment revenue	240,642	432,848	43,522	63,942	284,164	496,790
Reportable segment profit/(loss) (adjusted profit/(loss) from operations)	85,636	200,885	(696)	23,419	84,940	224,304

	Automation instrument and technology products		Horological instruments		Total	
	At	At	At	At	At	At
	31 December 2012 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Audited)	31 December 2012 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Audited)	31 December 2012 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Audited)
Reportable segment assets	820,097	914,622	217,673	204,258	1,037,770	1,118,880
Addition to non-current segment assets during the six months ended 31 December 2012/year	4,877	149,885	7,043	25,748	11,920	175,633
Reportable segment liabilities	67,221	76,753	11,573	10,133	78,794	86,886

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 8. SEGMENT REPORTING (continued)

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

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Revenue</b>		
Reportable segment revenue	284,164	496,790
Consolidated turnover	284,164	496,790
	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
<b>Profit</b>		
Reportable segment profit	84,940	224,304
Unallocated head office and corporate expenses	(15,451)	(16,409)
Consolidated profit before taxation	69,489	207,895
	At	At
	31 December	30 June
	2012	2012
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Assets</b>		
Reportable segment assets	1,037,770	1,118,880
Unallocated head office and corporate assets	1,375,375	1,274,871
Consolidated total assets	2,413,145	2,393,751
	At	At
	31 December	30 June
	2012	2012
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Liabilities</b>		
Reportable segment liabilities	78,794	86,886
Unallocated head office and corporate liabilities	57,774	69,817
Consolidated total liabilities	136,568	156,703



# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 9. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

### (a) Acquisition of property, plant and equipment

During the six months ended 31 December 2012, the Group acquired items of property, plant and equipment amounting to RMB9,839,000 (unaudited) (six months ended 31 December 2011: RMB9,142,000 (unaudited)).

### (b) Construction in progress

Construction in progress comprises costs incurred on production plant and ancillary facilities not yet completed at the end of the reporting period. During the six months ended 31 December 2012, the Group made payments for construction in progress amounting to RMB4,004,000 (unaudited) (six months ended 31 December 2011: RMB74,987,000 (unaudited)).

## 10. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	At 31 December 2012 RMB'000 (Unaudited)	At 30 June 2012 RMB'000 (Audited)
Unlisted investment, at cost	3,072	3,072
Share of profit for the period	178	—
Group's share of net assets	3,250	3,072

Details of the group's investment in a jointly controlled entity at 31 December 2012 are as follows:

Name of jointly controlled entity	Place of incorporation/ establishment and operation	Registered capital paid	Proportion of ownership interest			Principal activities
			Group effective interest	Held by the company	Held by a subsidiary	
Baotou Wide Plus Precision Instrument Co., Ltd. ("Baotou Wide Plus")	PRC	RMB6,041,000	49%	—	49%	Manufacture and sale of high precision industrial automation instrument and technology products and industrial automation system integrator

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis:

	<b>At 31 December 2012 RMB'000 (Unaudited)</b>	At 30 June 2012 RMB'000 (Audited)
Neither past due nor impaired (current)	327,266	410,993
Less than 1 month past due	—	22,276
Trade receivables, net of allowance for doubtful debts	327,266	433,269
Prepayments and other receivables	5,057	4,767
	<b>332,323</b>	438,036

## 12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis:

	<b>At 31 December 2012 RMB'000 (Unaudited)</b>	At 30 June 2012 RMB'000 (Audited)
Due within 1 month or on demand	758	2,260
Due after 1 month but within 3 months	47,671	45,854
Due after 3 months but within 6 months	30,288	38,198
Total trade payables	78,717	86,312
Other payables and accruals	36,178	45,178
	<b>114,895</b>	131,490

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13. DIVIDENDS

Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 December	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$2 cents per ordinary share (six months ended 31 December 2011: HK\$5.5 cents (unaudited) per ordinary share)	16,865	46,261

## 14. COMMITMENTS

### (a) Operating leases

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

	At 31 December 2012 RMB'000 (Unaudited)	At 30 June 2012 RMB'000 (Audited)
Within 1 year	1,846	1,739
After 1 year but within 5 years	4,166	4,672
After 5 years	3,934	4,461
	<b>9,946</b>	10,872

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.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 14. COMMITMENTS *(continued)*

### (b) Capital commitments

Capital commitments outstanding as at 31 December 2012 and not provided for in the interim financial report were as follows:

	<b>At 31 December 2012 RMB'000 (Unaudited)</b>	At 30 June 2012 RMB'000 (Audited)
Contracted for	5,007	7,299
Authorised but not contracted for	92,516	92,516
	<b>97,523</b>	99,815

## 15. MATERIAL RELATED PARTY TRANSACTIONS

### Key management personnel remuneration

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

	<b>Six months ended 31 December</b>	
	<b>2012 RMB'000 (Unaudited)</b>	2011 RMB'000 (Unaudited)
Short-term employee benefits	1,391	1,725
Contribution to retirement benefit schemes	17	14
	<b>1,408</b>	1,739

# Management Discussion and Analysis

## MARKET AND BUSINESS REVIEW

The China's general economy headed for a steady growth track after hitting rock bottom in the second quarter of 2012 with gross domestic product ("GDP") rising slightly up to 7.9% in the fourth quarter from 7.4% in the third quarter. China Manufacturing Purchasing Managers Index in the fourth quarter rebounded to a level above 50 from a level below 50 in August and September. The Industrial Enterprise Total Profits Index, on average, improved to a positive growth of 2.9% in the fourth quarter from a negative growth of 2.5% in the third quarter. Nevertheless, there were a number of uncertainties in the Chinese manufacturing industry. The Industrial Product Price Indices in the third and fourth quarter were -3.3% and -2.3% respectively, representing noteworthy differences as compared to a growth of 7.1% and 3.1%, respectively, in the corresponding periods last year. The Chinese automation instrument industry has also involved uncertainties. According to China Machinery Industry Federation, total amount of a variety of imported industrial automation products, including automatic regulator or controller, flow meter, fluid level indicator and pressure detector, was substantially lower than total quantity of the imports on pro rata basis. For instance, import volume of automatic regulator or controller in the first three quarters in 2012 was approximately 35,000,000 units, representing an increase of 6.34% as compared to that of the same period of the previous year, but total import amount was approximately US\$3 billion, representing a decrease of 16.57% as compared to that of the same period of the previous year, indicating a drop in price of the imported products.

Our operating results were materially affected by the macro-economic adjustments, uncertainties in the industry and the drop in product price. Quantities and prices of watch movements and automation instruments faced downward pressure, and decrease in prices of old products, such as indicators, was substantial. Sales performance of detectors remained relatively flat. The products with worst sales performance were high-end controllers, which are principally supplied to steel industry, infrastructure and related industries, due to overcapacity in these industries resulting from orders cancellation in the interim period. In addition, marketing and promotion of our products were adversely affected, to a certain extent, by trading suspension of shares of the Company. Our overall margin was dragged down by sliding prices.

## SEGMENT INFORMATION

The Group has the following two business segments.

### Automation instrument and technology products

During the Period, sales of high precision industrial automation instrument and technology products amounted to RMB240,642,000 (six months ended 31 December 2011: RMB432,848,000), representing approximately 84.7% (six months ended 31 December 2011: 87.1%) of the Group's total turnover. The Group continued to focus on the 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 RMB85,636,000 (six months ended 31 December 2011: RMB200,885,000), representing a decrease of about 57.4% as compared to that of the corresponding period in 2011 due to the decrease in segment turnover.

### Horological instruments

Sales of horological instruments amounted to RMB43,522,000 (six months ended 31 December 2011: RMB63,942,000), which accounts for approximately 15.3% (six months ended 31 December 2011: 12.9%) of the Group's total turnover during the Period. This segment recorded reportable segment loss of RMB696,000 as compared to a profit of RMB23,419,000 in the corresponding period in 2011 due to the decrease in segment turnover.

# Management Discussion and Analysis

## MANUFACTURING FACILITIES

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

As 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號地) 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 completed before 30 June 2012, and is expected to reach its full-scale production capacity in 2014. In light of the instability of the global market, the Directors will proceed with the future developments cautiously.

## PROSPECT

Our management takes a conservative view on business prospects in the coming six months. It is observed that the domestic manufacturing industry is undergoing structural transformation. In general, domestic manufacturers are facing a number of difficulties, such as low bargaining power, rising labor cost and insufficiency of financing resources. The industry will develop towards enterprise upgrading and regeneration, but the progress of moving from "low-end" to "high-end" may take time. It is observed that majority of domestic industries has been hit by overcapacity which leads to a spread of downturn. Further, due to the drop in product price and increasing competition, our management anticipates that profit of the Company will remain under pressure in the short term.

In view of uncertain economic outlook, our management adopts a contraction policy and undergoes structural adjustment and transformation. Concurrently, we will keenly expand the business of high-growth industries, put more efforts on research and development for new products and reserve resources for expansion whenever opportunity arises.

## FINANCIAL REVIEW

### Turnover

Turnover of the Group amounted to RMB284,164,000 for the Period (six months ended 31 December 2011: RMB496,790,000), representing a decrease of about 42.8% as compared to the corresponding period last year. The decrease is mainly due to the adverse effect of the sluggish global economy which causes (i) decrease in demand of industrial automation instrument and technology products and (ii) decrease in unit selling price.

# Management Discussion and Analysis

## Gross profit and profit from operations

During the Period, the Group's gross profit and profit from operations amounted to RMB90,916,000 (six months ended 31 December 2011: RMB233,134,000) and RMB69,489,000 (six months ended 31 December 2011: RMB207,895,000) respectively. The decrease is in line with the decrease in turnover.

The segment gross profit margin of automation instrument and technology products segment decreased from 48.3% for the six months ended 31 December 2011 to 37.7% for the Period. It was mainly due to the decrease in unit selling price.

The segment gross profit margin of horological instruments segment substantially decreased from 37.4% for the six months ended 31 December 2011 to 0.4% for the Period while the average unit selling price substantially decreased from RMB1.86 for the six months ended 31 December 2011 to RMB1.32 for the Period. The Group adjusts the selling prices from time to time, if necessary, to maintain its market share in an intensely price competitive market.

Accordingly, during the Period, the Group's profit from operations decreased by 66.6% as compared to that of the corresponding period last year.

## Net profit

The profit attributable to equity shareholders of the Company for the Period was RMB58,108,000, as compared to that of RMB174,654,000 in the corresponding period in 2011. It was mainly due to the factors as mentioned above.

## Earnings per share

The basic and diluted earnings per share for the Period was RMB5.60 cents (six months ended 31 December 2011: RMB16.83 cents) and RMB5.60 cents (six months ended 31 December 2011: RMB16.83 cents) respectively.

## Liquidity and Financial Resources

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

As at 31 December 2012, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of RMB1,315,482,000 (30 June 2012: RMB1,212,738,000), RMB1,629,443,000 (30 June 2012: RMB1,586,895,000) and RMB2,294,644,000 (30 June 2012: RMB2,255,115,000) respectively.

## Borrowings

As at 31 December 2012, the Group had no bank borrowings (30 June 2012: Nil).

## Equity

Total equity attributable to equity shareholders of the Company as at 31 December 2012 increased by RMB39,529,000 to RMB2,276,577,000 (30 June 2012: RMB2,237,048,000).

## Gearing ratio

The gearing ratio (calculated as the ratio of current liabilities plus non-current liabilities: total equity) of the Group as at 31 December 2012 was approximately 0.1 (30 June 2012: approximately 0.1).

# Management Discussion and Analysis

## 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 (the "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 31 December 2012, the Group has utilized the Net Proceeds as follows:

1. Approximately HK\$498 million were used for establishment of production facilities for new products of the Group;
2. Approximately HK\$58 million were used for research and development efforts;
3. Approximately HK\$32 million were used for network development and sales support services; and
4. Approximately HK\$2 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.

## SIGNIFICANT INVESTMENTS

Saved as the investment in a jointly controlled entity as disclosed in note 10 to the unaudited interim financial report, the Group had no significant investment held during the Period.

## 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 Period.

## EMPLOYEES AND SHARE OPTION SCHEME

As at 31 December 2012, the Group employed a total of 1,128 employees (30 June 2012: 1,143). 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 Period, the employment cost (including Directors' emoluments) amounted to RMB25,508,000 (six months ended 31 December 2011: RMB25,165,000). 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. During the Period, no option was granted, exercised, cancelled or lapsed and there were 39,000,000 share options outstanding under the Scheme.



# Management Discussion and Analysis

## CHARGE ON ASSETS

As at 31 December 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 as described in page 20, the Group had no future plans for material investments as at 31 December 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 Period and will continue to closely monitor such risk exposures from time to time.

## CAPITAL COMMITMENT

As at 31 December 2012, the Group had capital expenditure contracted for but not provided in the interim financial report and capital expenditure authorized but not contracted for in the interim financial report amounted to RMB5,007,000 (30 June 2012: RMB7,299,000) and RMB92,516,000 (30 June 2012: RMB92,516,000) respectively.

## CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any material contingent liabilities.

## DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2012, the interests and short positions of the Directors and chief executive 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:

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

Notes:

- As at 31 December 2012, the total number of issued shares of the Company was 1,037,500,000.
- 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.

Saved as disclosed above and the section headed "Share Option Scheme" below, as at 31 December 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.

## Other Information

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

As at 31 December 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:

Shareholders	Note	Number of Shares	Approximate percentage of the issued share capital of the Company
Long positions in the ordinary shares of the Company:			
The Capital Group Companies, Inc.		87,312,000	8.42
Capital Research and Management Company		83,390,000	8.04

Note:

- As at 31 December 2012, the total number of issued shares of the Company was 1,037,500,000.

Saved as disclosed above, as at 31 December 2012, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### 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 2012 annual financial statements. During the Period, no share option was granted, exercised, cancelled or lapsed and there were 39,000,000 share options outstanding under the Scheme.

## Other Information

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 Period:

Names of grantees	Options held at 30 June 2012	Options granted during the Period	Options exercised during the Period	Options cancelled during the Period	Options lapsed during the Period	Options held at 31 December 2012	Exercise price (HK\$)	Date of grant	Exercise period
<b>Executive Directors</b>									
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
<b>Independent non-executive Directors</b>									
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

Saved as disclosed under the section headed "Directors' and chief executives' interests and short positions in shares and underlying shares and debentures of the Company or any associated corporations" and "Share option scheme" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates (as defined in the Listing Rules), or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

### CORPORATE GOVERNANCE

The Company has complied with most of the code provisions stipulated in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules during the Period, except for the deviation from the code provision A.2.1 of the Code as described below.

# Other Information

## Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer 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.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 the Directors.

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

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Period, 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.

## REMUNERATION COMMITTEE

The remuneration committee of the Company, currently comprising three independent non-executive Directors, namely Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor, is primarily responsible for making 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.

## NOMINATION COMMITTEE

The Group established a nomination committee (the "Nomination Committee") since 2008 with written terms of reference which are in compliance with the Code. 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.

## Other Information

### AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") since 2008 with written terms of reference which are 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).

### REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with management the unaudited interim results of the Group, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. They considered that the preparation of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2012 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

### SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended since 9: 00 a.m. on 22 August 2012, and will remain suspended until further notice.

### PUBLICATION OF THE INTERIM RESULTS AND INTERIM FINANCIAL REPORT

The Company's 2012 interim results announcement and this interim financial report are published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the Company's website at [www.chpag.net](http://www.chpag.net).

By order of the Board  
**Wong Fun Chung**  
*Chairman*

Hong Kong, 28 February 2013