CHINA HIGH PRECISION AUTOMATION GROUP LIMITED
中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 591)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

HIGHLIGHTS

1. Turnover decreased by 25.0%;
2. Loss from operations increased by 100.7%;
3. Loss attributable to equity shareholders of the Company increased by 85.2%;
4. Both basic and diluted loss per share were RMB8.48 cents.

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The board (the "Board") of directors (the "Directors") of China High Precision Automation Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 30 June 2020 (the "Year"), with the comparative figures for the preceding financial year ended 30 June 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020
(Expressed in Renminbi Yuan)

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	3	**99,206**	132,223
Cost of sales		**(104,948)**	(128,226)
Gross (loss)/profit		**(5,742)**	3,997
Other income	5	**12,103**	9,315
Other loss, net	5	**(2,804)**	(8,912)
Distribution costs		**(2,801)**	(3,030)
Administrative expenses		**(44,024)**	(45,102)
Fair value change in investment properties		**(704)**	(2,590)
Write-down of inventories		**(10,267)**	(977)
Impairment loss on trade receivables	11	**(2,632)**	(704)
Impairment loss on property, plant and equipment		**(38,312)**	—
Impairment loss on right-of-use assets		**(1,142)**	—
Loss from operations		**(96,325)**	(48,003)
Finance costs	6	**(200)**	—
Loss before taxation	7	**(96,525)**	(48,003)
Income tax credit	8	**8,585**	521
Loss for the year attributable to equity shareholders of the Company		**(87,940)**	(47,482)
Loss per share (RMB cents)	10		
— basic		**(8.48)**	(4.58)
— diluted		**(8.48)**	(4.58)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2020
(Expressed in Renminbi Yuan)

	2020	2019
	RMB'000	*RMB'000*
Loss for the year attributable to equity shareholders of the Company	**(87,940)**	(47,482)
Other comprehensive (expense)/income for the year, net of tax		
Items that will not be subsequently reclassified to profit or loss:		
Fair value change in financial assets at fair value through other comprehensive income	**(1,149)**	(356)
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**2,451**	2,842
Other comprehensive income for the year	**1,302**	2,486
Total comprehensive expense for the year attributable to equity shareholders of the Company	**(86,638)**	(44,996)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020
(Expressed in Renminbi Yuan)

	Notes	**2020** **RMB'000**	2019 RMB'000
Non-current assets			
Property, plant and equipment		**291,221**	371,963
Right-of-use assets		**9,743**	—
Investment properties		**37,199**	37,903
Interests in leasehold land held for own use under operating leases		**—**	8,275
Deposits for the purchase of property, plant and equipment		**261**	451
Rental deposits		**—**	199
Financial assets at fair value through other comprehensive income		**5,816**	6,964
Deferred tax assets		**11,966**	3,536
		356,206	429,291
Current assets			
Inventories		**41,069**	42,870
Trade and other receivables	11	**25,234**	63,140
Cash and cash equivalents		**1,462,143**	1,438,811
		1,528,446	1,544,821
Current liabilities			
Trade and other payables	12	**55,521**	60,887
Lease liabilities		**1,190**	—
Provision for warranties		**459**	534
		57,170	61,421
Net current assets		**1,471,276**	1,483,400
Total assets less current liabilities		**1,827,482**	1,912,691

	Notes	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Lease liabilities		**1,584**	—
Deferred tax liabilities		**18,180**	18,335
		19,764	18,335
NET ASSETS		**1,807,718**	1,894,356
CAPITAL AND RESERVES			
Share capital	13	**91,360**	91,360
Reserves		**1,716,358**	1,802,996
TOTAL EQUITY		**1,807,718**	1,894,356

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Surplus reserve *RMB'000*	Other reserve *RMB'000*	Revaluation reserve *RMB'000*	Fair value through other comprehensive income reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 1 July 2018	91,360	941,077	181,790	2,982	2,986	—	(22,225)	741,382	1,939,352
Changes in equity for the year ended 30 June 2019:									
Loss for the year	—	—	—	—	—	—	—	(47,482)	(47,482)
Other comprehensive income									
Currency translation differences	—	—	—	—	—	—	2,842	—	2,842
Fair value change in financial assets at fair value through other comprehensive income	—	—	—	—	—	(356)	—	—	(356)
Total comprehensive expense	—	—	—	—	—	(356)	2,842	(47,482)	(44,996)
Balance at 30 June 2019 and 1 July 2019	91,360	941,077	181,790	2,982	2,986	(356)	(19,383)	693,900	1,894,356
Changes in equity for the year ended 30 June 2020:									
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(87,940)**	**(87,940)**
Other comprehensive income									
Currency translation differences	**—**	**—**	**—**	**—**	**—**	**—**	**2,451**	**—**	**2,451**
Fair value change in financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**—**	**(1,149)**	**—**	**—**	**(1,149)**
Total comprehensive expense	**—**	**—**	**—**	**—**	**—**	**(1,149)**	**2,451**	**(87,940)**	**(86,638)**
Balance at 30 June 2020	**91,360**	**941,077**	**181,790**	**2,982**	**2,986**	**(1,505)**	**(16,932)**	**605,960**	**1,807,718**

NOTES:

1 BASIS OF PREPARATION

The consolidated results set out in this announcement does not constitute the Group's financial statements for the year ended 30 June 2020 but is extracted from those financial statements.

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 HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "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 ("Stock Exchange").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period.

2 APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group had applied a number of new HKFRSs and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 July 2019. These new and revised HKFRSs have been applied by the Group for the first time in the current year unless otherwise specified. The impacts of these amendments are described below.

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The application of the above new and revised to HKFRSs in the current year, except for HKFRS 16, has no material impact on the Group's consolidated financial performance and position for the current and prior years and/or disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 superseded HKAS 17 Leases, and the related interpretations. With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the date of the commencement of the lease. Subsequently, the lease liability is adjusted for interest and lease payments.

The Group has applied the modified retrospective approach for the adoption of HKFRS 16 and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019 and did not restate the comparative information. On adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets have been adjusted to approximately RMB4,254,000 and RMB4,254,000 respectively and the weighted average of incremental borrowing rate used for determination of the present value of the remaining lease payments was 5.68% per annum.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to HKFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with HKAS 17 and HK(IFRIC)-Int 4 will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. HKFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in HKAS 17 and HK(IFRIC)-Int 4.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed for whether there is a lease under HKFRS 16. Therefore, the definition of a lease under HKFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(b) Impact on lessee accounting

(i) Former operating leases

HKFRS 16 changes how the Group as a lessee accounts for leases previously classified as operating leases under HKAS 17, which were off balance sheet.

Applying HKFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under HKAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under HKFRS 16, right-of-use assets are tested for impairment in accordance with HKAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within 'other expenses' in profit or loss.

(ii) Former finance leases

The main differences between HKFRS 16 and HKAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. HKFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by HKAS 17. This change did not have any effect on the Group's consolidated financial statements as the Group did not have any finance lease payables.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40 Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 30 June 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

(c) Impact on lessor accounting

HKFRS 16 does not change substantially how a lessor accounts for leases. Under HKFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, HKFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

In addition to leasing out the investment property referred to in paragraph (b)(iii) above, the Group leases out office premises as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under HKAS 17).

This change did not have any effect on the Group's consolidated financial statements as the Group did not have any finance lease receivables.

(d) Financial impact of the initial application of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019 (date of initial application of HKFRS 16). The weighted average of the incremental borrowing rate used for determination of the present value of the remaining lease payments was 5.68% per annum.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the reliance on the previous assessment for onerous contract provisions as at 30 June 2019 as an alternative to performing an impairment review;
- the use of hindsight based on facts and circumstances as at date of initial application in determining the lease term of the Group's leases with extension or termination options;
- the accounting for operating leases with a remaining lease term within 12 months as at 1 July 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 30 June 2019 and lease liabilities recognised in the opening of the consolidated statement of financial position as at 1 July 2019 (date of initial application of HKFRS 16) is as follows:

	RMB'000
Operating lease commitments disclosed as at 30 June 2019	4,750
Short-term leases	(118)
Effect of discounting	(378)
Lease liabilities recognised as at 1 July 2019	4,254
Analysis as:	
— Current lease liabilities	1,580
— Non-current lease liabilities	2,674
	4,254

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy resulted in the recognition of both right-of-use assets and lease liabilities approximately of RMB12,756,000 and RMB4,254,000 respectively in the opening of the consolidated statement of financial position on 1 July 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 30 June 2019 *RMB'000*	**HKFRS 16 adjustment** *RMB'000*	**Carrying amount at 1 July 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16			
Right-of-use assets	—	12,756	12,756
Interests in leasehold land held for own use under operating leases	8,275	(8,275)	—
Total non-current assets	429,291	4,481	433,772
Trade and other receivables	63,140	(227)	62,913
Current assets	1,544,821	(227)	1,544,594
Lease liabilities (current)	—	1,580	1,580
Current liabilities	61,421	1,580	63,001
Net current assets	1,483,400	(1,807)	1,481,593
Total assets less current liabilities	1,912,691	2,674	1,915,365
Lease liabilities (non-current)	—	2,674	2,674
Total non-current liabilities	18,335	2,674	21,009
Net assets	1,894,356	—	1,894,356

Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported loss from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

New and revised HKFRSs issued but not yet effective

The Group has not applied any of the following new HKFRSs and amendments to HKFRSs ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Conceptual Framework	Amendments to References to the Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[4]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] No mandatory effective date yet determined but available for adoption
[4] Effective for annual periods beginning on or after 1 June 2020

Management is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE

Disaggregation of the Group's revenue from contracts with customers for the year by major products line and reconciliation of total revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Disaggregation of revenue from contracts with customers:		
Sales of automation instrument and technology products	**93,042**	130,125
Sales of horological instruments	**6,164**	2,098
	99,206	132,223

During the year, all the revenue from contracts with customers is recognised at a point in time.

4 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, being the chief operating decision maker, 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, lease liabilities and current tax payable 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 loss is "adjusted loss from operations". To arrive at reportable segment loss, the Group's loss 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 loss from operations, management is provided with segment information concerning revenue, additions to non-current segment assets, depreciation and amortisation and impairment of 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 2020 and 2019 is set out below.

	Automation instrument and technology products		Horological instruments		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue	**93,042**	130,125	**6,164**	2,098	**99,206**	132,223
Reportable segment loss (adjusted loss from operations)	**(56,963)**	(31,139)	**(26,943)**	(10,697)	**(83,906)**	(41,836)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil).

	Automation instrument and technology products		Horological instruments		Total	
	At 30 June 2020	At 30 June 2019	**At 30 June 2020**	At 30 June 2019	**At 30 June 2020**	At 30 June 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**245,069**	379,774	**81,860**	103,979	**326,929**	483,753
Reportable segment liabilities	**14,648**	15,234	**854**	467	**15,502**	15,701

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

	2020	2019
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**99,206**	132,223
Revenue	**99,206**	132,223

	2020	2019
	RMB'000	*RMB'000*
Profit or loss		
Reportable segment loss	**(83,906)**	(41,836)
Bank interest income	**4,379**	4,353
Unallocated head office and corporate income	**2,294**	2,683
Unallocated head office and corporate expenses	**(19,292)**	(13,203)
Loss before taxation	**(96,525)**	(48,003)
Income tax credit	**8,585**	521
Loss for the year	**(87,940)**	(47,482)

	2020	2019
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**326,929**	483,753
Unallocated head office and corporate assets	**1,557,723**	1,490,359
Total assets	**1,884,652**	1,974,112

	2020	2019
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**15,502**	15,701
Unallocated head office and corporate liabilities	**61,432**	64,055
Total liabilities	**76,934**	79,756

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated.

(c) Other segment information

	Automation instrument and technology products		Horological instruments	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Depreciation and amortisation	**33,542**	43,171	**7,970**	696
Addition to non-current segment assets during the year	**673**	1,198	**114**	—
Impairment loss of trade receivables	**2,511**	114	**121**	590
Reversal of impairment loss of trade receivables	**—**	(43)	**—**	—
Impairment loss/(Reversal of impairment loss) on inventory	**3,142**	(920)	**7,125**	1,897
Impairment loss on property, plant and equipment	**22,928**	—	**10,847**	—
Impairment loss on right-of-use assets	**936**	—	**155**	—

(d) 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, right-of-use assets, investment properties, interests in leasehold land held for own use under operating leases, rental deposits 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	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**9,036**	—	**208**	207
People's Republic of China ("PRC") (excluding Hong Kong)	**89,459**	131,439	**338,216**	418,584
Others	**711**	784	**—**	—
	99,206	132,223	**338,424**	418,791

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	Reportable segments	2020 *RMB'000*	2019 *RMB'000*
Customer A	Automation instrument and technology products	**N/A(*)**	13,437
Customer B	Automation instrument and technology products	**N/A(*)**	14,717

(*): Revenue from Customer A and B did not contribute over 10% of the total revenue of the Group for the year ended 30 June 2020.

5 OTHER INCOME AND OTHER LOSS, NET

	2020 *RMB'000*	2019 *RMB'000*
Other income		
Bank interest income	**4,379**	4,353
Government grants *(Note)*	**4,326**	—
Rental income	**2,294**	2,184
Service income	**1,029**	648
Reversal of provision for warranties	**75**	—
Reversal of impairment loss recognised on trade receivables	**—**	43
Written back on unclaimed other payables	**—**	1,556
Sundry income	**—**	531
	12,103	9,315
Other loss, net		
Loss on disposal of property, plant and equipment	**(12)**	(5,944)
Gain on disposal of investment properties	**—**	101
Net foreign exchange loss	**(2,792)**	(3,069)
	(2,804)	(8,912)

Note:

Government grants represent unconditional incentives and subsidies granted to the PRC subsidiary by the local authorities.

6 FINANCE COSTS

	2020 *RMB'000*	2019 *RMB'000*
Interest on lease liabilities	**200**	—

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under the approach, the comparative information is not restated.

7 LOSS BEFORE TAXATION

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

	2020	2019
	RMB'000	*RMB'000*
(a) Staff costs		
Contributions to defined contribution retirement plans	**1,044**	1,934
Salaries, wages and other benefits	**32,590**	36,170
	33,634	38,104

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiary participates in a defined contribution retirement benefit scheme (the "Defined Contribution 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 16% (2019: 18%) of the eligible employees' salaries to the Defined Contribution 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 Defined Contribution 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$30,000) 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.

	2020	2019
	RMB'000	*RMB'000*
(b) Other items		
Depreciation expenses		
— property, plant and equipment	**42,975**	44,418
— right-of-use assets	**1,896**	—
Amortisation	**—**	227
Research and development costs	**6,469**	9,019
(Reversal of provision)/Provision for warranties	**(75)**	42
Auditor's remuneration		
— Audit services	**1,800**	1,800
Operating lease charges in respect of properties	**—**	2,301
Expenses relating to short-term leases	**469**	—
Cost of inventories sold	**104,948**	128,226

8 INCOME TAX CREDIT

(a) Income tax credit in the consolidated statement of profit or loss represents:

	2020	2019
	RMB'000	*RMB'000*
Current tax		
Current year	**—**	—
Deferred tax credit		
Credited to profit or loss	**(8,585)**	(521)
	(8,585)	(521)

(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.

(iii) No provision for taxation in the PRC has been made as the Group sustained a tax loss for the current year.

(iv) 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%. An indirect wholly-owned subsidiary of the Company, 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 till 30 June 2009 to the extent that the profits are likely to be distributed in the foreseeable future.

(b) Reconciliation between income tax credit and loss before taxation at applicable tax rate:

	2020	2019
	RMB'000	*RMB'000*
Loss before taxation	**(96,525)**	(48,003)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdiction concerned	**(14,693)**	(11,598)
Tax effect of non-taxable revenue	**(873)**	(2,116)
Tax effect of non-deductible expenses	**11,618**	7,446
Tax effect of temporary differences	**(8,585)**	(521)
Tax effect of estimated tax losses not recognised	**3,948**	6,268
Actual income tax credit	**(8,585)**	(521)

9 DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2020 (2019: Nil). The directors of the Company do not recommend the payment of final dividend after the end of the reporting period (2019: Nil).

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of approximately RMB87,940,000 (2019: approximately RMB47,482,000) and the number of 1,037,500,000 ordinary shares (2019: 1,037,500,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company of approximately RMB87,940,000 (2019: approximately RMB47,482,000) 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 years ended 30 June 2020 and 2019, diluted loss per share are equal to basic loss per share as there was no dilutive potential ordinary shares.

	2020	2019
	'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	**—**	—
Weighted average number of ordinary shares (diluted)	**1,037,500**	1,037,500

11 TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**22,914**	61,739
Other prepayments, deposits and receivables	**2,320**	1,401
	25,234	63,140

An analysis of trade receivables by age, presented based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
0–60 days	**10,995**	21,457
61–120 days	**5,582**	20,115
121–180 days	**7,930**	20,322
Over 180 days	**1,981**	773
Total trade receivables	**26,488**	62,667
Less: Accumulated impairment loss	**(3,574)**	(928)
Total trade receivables, net of impairment loss	**22,914**	61,739

The carrying amount of the Group's trade receivables are denominated in the following currencies:

	2020	2019
	RMB'000	*RMB'000*
United States dollars	**4,610**	792
Renminbi	**21,878**	61,875
	26,488	62,667

The Group generally grants credit periods 120 days to 180 days from the date of billing to its customers.

No interest is charged on the trade receivables.

Movements in the impairment loss of trade receivables:

	2020	2019
	RMB'000	*RMB'000*
Balance at 30 June 2019 under HKAS 39	**N/A**	199
Effect of initial application of HKFRS 9	**N/A**	61
Balance at 1 July	**928**	260
Impairment loss	**2,632**	704
Reversal of impairment loss	**—**	(43)
Exchange adjustments	**14**	7
Balance at 30 June	**3,574**	928

Impairment assessment under HKFRS 9

The Group applies the simplified approach to provide for expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses.

The expected credit loss on trade receivables is estimated using provision matrix by reference to the past default experience of debtors, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. During the years ended 30 June 2020 and 2019, the expected credit losses of trade receivables are determined as follows:

2020

	Expected credit loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	***RMB'000***
Current (not past due)	**6.5%**	**24,507**	**1,593**
Past due over 3 months	**100%**	**1,981**	**1,981**
		26,488	**3,574**

2019

	Expected credit loss rate	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Current (not past due)	0.25%	61,894	155
Past due over 3 months	100%	773	773
		62,667	928

12 TRADE AND OTHER PAYABLES

	2020 ***RMB'000***	2019 *RMB'000*
Trade payables	**11,047**	13,769
Other payables and accruals	**44,474**	47,118
	55,521	60,887

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows. The credit periods granted by various suppliers are generally 120 days.

	2020 ***RMB'000***	2019 *RMB'000*
Within 1 month or on demand	**8,697**	5,878
Due after 1 month but within 3 months	**2,014**	7,359
Due after 3 months but within 6 months	**124**	109
Over 6 months	**212**	423
	11,047	13,769

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

13 AUTHORISED AND ISSUED SHARE CAPITAL

There was no movements of the authorised share capital of the Company during the years ended 30 June 2019 and 2020:

	Par value	Number of shares	Nominal value of ordinary shares	
	HK$	*'000*	*HK$'000*	*RMB'000*
Authorised:				
At 1 July 2018, 30 June 2019 and 30 June 2020	0.1	10,000,000	1,000,000	880,500
Issued and fully paid:				
At 1 July 2018, 30 June 2019 and 30 June 2020	0.1	1,037,500	103,750	91,360

Note:

As at 30 June 2020 and 30 June 2019, 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.

14 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 purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Scheme remained in force for a period of 10 years from the effective date of such scheme and has expired on 13 November 2019. As at 30 June 2020 and 2019, no share option was outstanding under the Scheme as all share options granted were lapsed in accordance with the terms of the Scheme on 31 March 2016.

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.

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.

As at 30 June 2019, the number of shares available for issue under the Scheme was 103,750,000, representing 10% of the issued shares of the Company.

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 options.

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 was settled gross in shares. No share options were granted to the Company's directors and employees during the years ended 30 June 2020 and 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS REVIEW

The Group primarily engages in the research, development, manufacture and sales of automation instruments, and downstream customers mainly operated in traditional industries. During the Year and at present, the struggling global economy under the shadow of the COVID-19 pandemic, the slowing economic growth and industrial growth in the People's Republic of China (the "PRC"), and delayed resumption of work nationwide all deal a blow to the Group's normal operation. Meanwhile, downstream demand remains sluggish, which put considerable pressure on the Group's market development.

During the Year, in the face of the gruelling test of the COVID-19 outbreak on a global scale and the complex and ever-changing macro-environment, the Group deployed its resources scientifically, promoted pandemic prevention and control, resumed work and production after Lunar New Year holiday. At the same time, the Group insisted on focusing on its main business, strengthened innovation leadership, encouraged the continuous improvement in technological standard and manufacturing quality of key products featuring high level of precision, stability, reliability and adaptability, implemented multiple measures to expand the market, and improved quality and efficiency to promote development.

There were no important events affecting the Group which have occurred since the end of the Year.

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 RMB93,042,000 (2019: approximately RMB130,125,000), representing approximately 93.8% (2019: approximately 98.4%) 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. This segment recorded reportable segment loss of approximately RMB56,963,000, as compared to that of approximately RMB31,139,000 in 2019.

Horological instruments

Sales of horological instruments were approximately RMB6,164,000 (2019: approximately RMB2,098,000), which accounts for approximately 6.2% (2019: approximately 1.6%) of the Group's total turnover during the Year. This segment recorded reportable segment loss of approximately RMB26,943,000, as compared to that of approximately RMB10,697,000 in 2019.

MANUFACTURING FACILITIES

The Group has large-scale production facilities 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) and 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 meters.

The Group had no material expansion plan during the Year. In light of the instability of the global market, the Directors will proceed with the future developments cautiously.

PROSPECTS

The Group's industrial automation products belong to an important branch of the instrument industry, spanning the fields of equipment manufacturing and electronic information with extensive applications in the pillar industries of the national economy, including petrochemical, metallurgy, electric power, and light industrial building materials. With the economic and social development and the improvement of people's livelihood, applications continue to expand into the fields including municipal utilities and environmental protection, clean energy, medicine, new materials, and food.

Meanwhile, the shift to high-quality, environmentally-friendly, digital, and intelligent products has become the obvious path to be taken by the manufacturing industry for transformation and upgrade in China, ushering in huge potential for the manufacturing of devices for industrial automation control systems. The COVID-19 outbreak in 2020 may substantially accelerate the transformation and upgrade of the manufacturing industry in China. In addition, structural changes to the global industry chain hint at faster localisation of downstream industrial automation products, offering plenty of opportunity for the manufacturing of devices for industrial automation control systems in China.

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country and region. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on business operations of the Group.

FINANCIAL REVIEW

Turnover

Turnover of the Group amounted to approximately RMB99,206,000 for the Year (2019: approximately RMB132,223,000), representing a decrease of about 25.0% as compared to that of last year. The decrease is mainly due to the decrease in sales of automation instrument and technology products. Nevertheless, the Group is adversely affected by the sluggish global economy and the COVID-19 outbreak which causes continuing delay in the commencement of large-scale projects in the PRC (particularly those in the petroleum and petrochemical industries) and persistent decrease in market demand of both industrial automation instrument and technology products and horological instruments.

Gross profit and loss from operations

During the Year, the Group's gross loss and loss from operations amounted to approximately RMB5,742,000 (2019: gross profit amounted to approximately RMB3,997,000) and approximately RMB96,325,000 (2019: approximately RMB48,003,000) respectively. The gross loss is mainly due to the decrease in sales of automation instrument and technology products. The loss from operations included approximately RMB38,312,000 (2019: Nil) and RMB10,267,000 (2019: approximately RMB977,000) impairment loss on property, plant and equipment and impairment loss on inventories respectively.

The segment of automation instrument and technology products recorded a gross profit of approximately RMB721,000, as compared to that of approximately RMB11,626,000 in 2019. It is mainly due to the decrease in sales and the result of adoption of a series of new product design which effectively lowered the raw material costs.

The segment of horological instruments suffered a gross loss of approximately RMB6,463,000, as compared to that of approximately RMB7,629,000 in 2019. The Group adjusts the selling prices from time to time, if necessary, to maintain its market share in the intensely price competitive market.

Accordingly, during the Year, the Group suffered a loss from operations.

Loss attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company (the "Shareholders") for the Year was approximately RMB87,940,000, as compared to that of approximately RMB47,482,000 in 2019. It was mainly attributable to the factors as mentioned above.

Loss per share

Both the basic and diluted loss per share for the Year were RMB8.48 cents (2019: both RMB4.58 cents).

Capital structure, liquidity and financial resources

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

As at 30 June 2020, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB1,462,143,000 (30 June 2019: approximately RMB1,438,811,000), approximately RMB1,471,276,000 (30 June 2019: approximately RMB1,483,400,000) and approximately RMB1,827,482,000 (30 June 2019: approximately RMB1,912,691,000) respectively.

Borrowings

As at 30 June 2020, the Group had no bank borrowings (30 June 2019: Nil).

Equity

Total equity attributable to equity shareholders of the Company as at 30 June 2020 decreased by approximately RMB86,638,000 to approximately RMB1,807,718,000 (30 June 2019: approximately RMB1,894,356,000).

Gearing ratio

The gearing ratio (calculated as the ratio of total liabilities divided by total equity) of the Group as at 30 June 2020 was approximately 0.04 (30 June 2019: approximately 0.04).

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 utilised 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 2020, the Group has utilised the Net Proceeds as follows:

1. Approximately HK$652 million were used for establishment of production facilities for new products of the Group;

2. Approximately HK$164 million were used for research and development efforts;

3. Approximately HK$42 million were used for network development and sales support services; and

4. Approximately HK$4 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 13 to the consolidated results of the Group as contained in this announcement.

SIGNIFICANT INVESTMENTS

The Group had no significant investment held during the Year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associated and joint ventures by the Group during the Year.

EMPLOYEES AND SHARE OPTION SCHEME

As at 30 June 2020, the Group employed a total of 529 employees (30 June 2019: 552). 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 RMB33,634,000 (2019: approximately RMB38,104,000).

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. The Scheme expired on 13 November 2019 (the "Expirations Date"). From 1 July 2019 to the Expiration Date, no option was granted, exercised, cancelled or lapsed under the Scheme. Details of the Scheme are set out in note 14 to the consolidated results of the Group as contained in this announcement.

CHARGE ON ASSETS

As at 30 June 2020, the Group did not have any charges on its assets (30 June 2019: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

The Group had no future plans for material investments or capital assets as at 30 June 2020.

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 affect 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 2020, the Group had capital expenditure contracted for but not provided in the financial statements amounted to approximately RMB25,000 (30 June 2019: approximately RMB902,000).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (30 June 2019: Nil).

DIVIDENDS

The Board does not recommend the payment of any final dividend for the Year (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Year, except for the deviation from the Code Provision A.2.1 of the Code as described below.

Code provision A.2.1

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 this provides the Group with strong and consistent leadership in the development and execution of long term business strategies. The Board 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 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.

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, inter alia, 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 is the chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The Group established the Nomination Committee since 2008 with written terms of reference in compliance with the Code. The primary duties of the Nomination Committee are, inter alia, to review the structure, size, composition and diversity of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to make recommendations to the Board on appointment or re-appointment of Directors and succession planning for the Directors, and to review the board diversity policy of the Company as appropriate. 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 is the chairman of the Nomination Committee.

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 Group'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. Mr. Chan Yuk Hiu, Taylor is the chairman of the Audit Committee. The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2020.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The notice of the forthcoming annual general meeting of the Company ("AGM") will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.chpag.net.

The register of members of the Company will be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the AGM from Friday, 11 December 2020 to Wednesday, 16 December 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 10 December 2020.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chpag.net.

The annual consolidated financial results of the Group for the Year have been reviewed by the Audit Committee and are extracted from the annual consolidated financial statements for the Year to be included in the 2020 annual report of the Company.

The 2020 annual report of the Company will be dispatched to the shareholders of the Company and published on the Company's website at www.chpag.net and the Stock Exchange's website at www.hkexnews.hk in due course.

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.

By order of the Board
China High Precision Automation Group Limited
Wong Fun Chung
Chairman

Hong Kong, 28 September 2020

As at the date of this announcement, the executive Directors are Mr. Wong Fun Chung, Mr. Zou Chong, Mr. Su Fang Zhong and Mr. Cheung Chuen, and the independent non-executive Directors are Ms. Ji Qin Zhi, Dr. Hu Guo Qing and Mr. Chan Yuk Hiu, Taylor.