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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China High Precision Automation Group Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA HIGH PRECISION AUTOMATION GROUP LIMITED**

**中國高精密自動化集團有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 591)**

**PROPOSALS FOR RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO REPURCHASE SHARES AND  
ISSUE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an AGM of China High Precision Automation Group Limited to be held at the second banquet hall, 3rd Floor, Empark Grand Hotel, No. 59 Wenquan Gongyuan Road, Fuzhou, China at 10:30 a.m. on Friday, 21 November 2014 is set out on pages 13 to 17 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of China High Precision Automation Group Limited in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

15 October 2014

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“AGM”	the annual general meeting of the Company to be held at the second banquet hall, 3rd Floor, Empark Grand Hotel, No. 59 Wenquan Gongyuan Road, Fuzhou, China at 10:30 a.m. on Friday, 21 November 2014, the notice of which is set out on pages 13 to 17 of this circular
“Articles of Association”	the articles of association of the Company adopted on 28 October 2009, as amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China High Precision Automation Group Limited, an exempted company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the resolution approving such mandate
“Latest Practicable Date”	10 October 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

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## DEFINITIONS

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“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the resolution approving such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**CHINA HIGH PRECISION AUTOMATION GROUP LIMITED**

**中國高精密自動化集團有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 591)**

*Executive Directors:*

Wong Fun Chung (*Chairman and Chief Executive Officer*)

Zou Chong

Su Fang Zhong

Cheung Chuen

*Independent non-executive Directors:*

Hu Guo Qing

Ji Qin Zhi

Chan Yuk Hiu Taylor

*Registered Office:*

Cricket Square,

Hutchins Drive,

PO Box 2681,

Grand Cayman,

KY1-1111,

Cayman Islands

*Hong Kong Principal Place  
of Business:*

Room 703, Jubilee Centre,

18 Fenwick Street,

Wanchai, Hong Kong

15 October 2014

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO REPURCHASE SHARES AND  
ISSUE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the AGM relating to (i) the re-election of Directors who are due to retire at the AGM; (ii) the granting of the Repurchase Mandate to the Directors to repurchase fully paid up Shares by the Company; (iii) the granting of the Issue Mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares and (iv) to extend the Issue Mandate by an amount representing the aggregate nominal amount of any Shares repurchased under the Repurchase Mandate.

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## LETTER FROM THE BOARD

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### 2. RE-ELECTION OF DIRECTORS

In accordance with Article 84 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Mr. Wong Fun Chung, Mr. Cheung Chuen and Ms. Ji Qin Zhi shall retire by rotation at the AGM and, being eligible, offer themselves for re-election. Among the Directors who are due to retire at the AGM, Ms. Ji Qin Zhi offers herself to be re-elected as independent non-executive Director. The Company has received from Ms. Ji Qin Zhi written confirmation of her independence pursuant to Rule 3.13 of the Listing Rules. Based on the said confirmation, the Board considers Ms. Ji Qin Zhi to be independent. Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### 3. REPURCHASE MANDATE TO REPURCHASE SHARES

Pursuant to the ordinary resolutions passed by the Shareholders on 22 November 2013, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase the Shares. Such mandate will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution in relation to the Repurchase Mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 Shares. Assuming that there is no change in the issued share capital of the Company during the period between the Latest Practicable Date and the date of passing of the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing of the resolution approving the Repurchase Mandate will be 103,750,000 Shares. The Repurchase Mandate will end on (i) the conclusion of the next annual general meeting of the Company following the passing of the Repurchase Mandate; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

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## LETTER FROM THE BOARD

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### 4. GENERAL MANDATES TO ISSUE SHARES

Pursuant to the ordinary resolutions passed by the Shareholders on 22 November 2013, a general mandate was granted to the Directors to allot, issue and deal with additional Shares. Such mandate will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed to grant the general and unconditional mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional shares in the share capital of the Company with an aggregate nominal amount of up to 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution in relation to the Issue Mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 Shares. Subject to the passing of ordinary resolution and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of the resolution approving the Issue Mandate, the Company will be allowed to issue a maximum of 207,500,000 Shares. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

Subject to the passing of the aforesaid ordinary resolutions in relation to the Repurchase Mandate and the Issue Mandate, an ordinary resolution will also be proposed to authorise the Directors to extend the Issue Mandate to issue and allot Shares in an amount not exceeding the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Issue Mandate and its extension will end on (i) the conclusion of the next annual general meeting of the Company following the passing of the Issue Mandate; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or (iii) the revocation or variation of the Issue Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

### 5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 6. AGM

The notice convening the AGM is set out on pages 13 to 17 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend and vote in person at the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22,

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## LETTER FROM THE BOARD

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Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the AGM. Such form of proxy for use at the AGM is also published on the websites of the Company and the Stock Exchange. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **7. RECOMMENDATION**

The Directors consider that the proposed ordinary resolutions for (i) granting of the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate; and (ii) the re-election of Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all these resolutions to be proposed at the AGM.

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



The following are the particulars of the Directors proposed to be re-elected at the AGM:

**1. Mr. Wong Fun Chung, aged 61**

Mr. Wong Fun Chung (黃訓松), aged 61, is the chairman of the Board, the chief executive officer of the Company and founder of the Group. He is also a director of Wide Plus High Precision Automation Limited (“Wide Plus”), a direct wholly-owned subsidiary of the Company and the President of Fujian Wide Plus Precision Instruments Co., Ltd. (“Fujian Wide Plus”), an indirect wholly-owned subsidiary of the Company. He was appointed as an executive Director of the Company on 29 November 2007 and has served the Group for over 23 years. Mr. Wong graduated from Tianjin University (天津大學) in 1978 specialising in high precision timing instruments (計時儀器專業) and has for over two decades gained experience in the production of horological instruments. During his career in the horological industry, Mr. Wong was recognised as one of the top one hundred youth factory managers in China, which was awarded jointly by China Youth Magazine (中國青年雜誌社), China Enterprise Management Association (中國企業管理協會), Central Propaganda Department of the Chinese Communist Youth League (中國共產主義青年團中央宣傳部) and China Central Television Station (中央電視台). In 1987, Mr. Wong was the factory manager of the Fuzhou Watch Factory (福州手錶廠), a state-owned enterprise. In 1989, Mr. Wong was approved as an engineer by the Fujian Provincial Bureau of Personnel (福建省人事局). In 1990, one of the quartz clock movement products developed by Mr. Wong was awarded third prize in the technological advancement award by the National Science and Technology Advancement Award Adjudication Committee (國家科學技術進步評審委員會). Mr. Wong is responsible for the formulation of the Group’s corporate strategy, overseeing its production operations and the overall steering of the Group’s strategic development.

Mr. Wong has entered into a service agreement with the Company for a term of three years commencing on 29 November 2007 with automatic renewal and subject to termination in accordance with the provisions of the service agreement or by either party giving the other not less than three months’ prior written notice and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Mr. Wong is entitled to receive a salary of HK\$1,040,000 per annum and discretionary bonus to be determined by the Board with reference to, inter alia, his performance and contribution to the Group. His emoluments are subject to review by the remuneration committee of the Company with reference to his performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

As at the Latest Practicable Date, Mr. Wong directly and beneficially owned 343,742,082 Shares. He was also indirectly interested in 39,824,704 Shares, which are beneficially owned by Fortune Plus Holdings Limited, a company in which he has a 66.6% equity interest.

As at the Latest Practicable Date, Mr. Wong was interested in 800,000 options granted to him by the Company under its share option scheme adopted on 28 October 2009, carrying rights to subscribe for 800,000 Shares at the exercise price of HK\$5.60

per Share during the exercise period from 1 April 2011 to 31 March 2016. Save as disclosed above, Mr. Wong has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Wong is independent from and not related to any other Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, Mr. Wong has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules in respect of Mr. Wong and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

## **2. Mr. Cheung Chuen, aged 40**

Mr. Cheung Chuen (張全), CPA, AICPA, aged 40, is an executive Director of the Group. He was appointed as an executive Director of the Company on 2 April 2008. He is also the company secretary of the Company and Wide Plus. Mr. Cheung graduated from the Hong Kong Shue Yan College (presently Hong Kong Shue Yan University) in 1999 majoring in accounting and obtained a master degree in professional accounting from the Hong Kong Polytechnic University in 2004. He is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has for over a decade gained experience in accounting and auditing. He is currently an independent non-executive director of Anxin-China Holdings Limited and Kingwell Group Limited, both of which are companies listed on the Main Board of the Stock Exchange. Mr. Cheung is responsible for the management reporting and planning of the Group, and is in charge of all the Group's financial and statutory reporting.

Mr. Cheung has entered into a service agreement with the Company for a term of three years commencing on 2 April 2008 with automatic renewal and subject to termination in accordance with the provisions of the service agreement or by either party giving the other not less than three months' prior written notice and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Mr. Cheung is entitled to receive a salary of HK\$910,000 per annum and discretionary bonus to be determined by the Board with reference to, inter alia, his performance and contribution to the Group. His emoluments are subject to review by the remuneration committee of the Company with reference to his performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

As at the Latest Practicable Date, Mr. Cheung was interested in 3,000,000 options granted to him by the Company under its share option scheme adopted on 28 October 2009, carrying rights to subscribe for 3,000,000 Shares at the exercise price of HK\$5.60 per Share during the exercise period from 1 April 2011 to 31 March 2016. Save as

disclosed above, Mr. Cheung has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Cheung is independent from and not related to any other Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Mr. Cheung has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules in respect of Mr. Cheung and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

### 3. Ms. Ji Qin Zhi, aged 73

Ms. Ji Qin Zhi (吉勤之), aged 73, was appointed as an independent non-executive Director of the Company on 2 April 2008. Ms. Ji graduated from the Department of Precision Instruments Engineering (精密儀器工程系) of Tianjin University (天津大學) in 1964 and acquired the qualification of Senior Engineer in 1988. She was appointed as an independent non-executive director of Shenzhen Fiyta Holdings Limited, a company listed on Shenzhen Stock Exchange, in 2006 and 2009. She is currently the vice president of the Horology Association of the People's Republic of China.

Ms. Ji has entered into a formal appointment letter with the Company for a term of one year commencing on 2 April 2008 with automatic renewal subject to termination by not less than three months' notice in writing served by either party on the other and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Her emoluments are determined with reference to her performance, duties and responsibilities with the Company and the Company's remuneration policy. Ms. Ji is entitled to receive a director's fee of HK\$120,000 per annum subject to review by the remuneration committee of the Company with reference to her performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

As at the Latest Practicable Date, Ms. Ji was interested in 200,000 options granted to her by the Company under its share option scheme adopted on 28 October 2009, carrying rights to subscribe for 200,000 Shares at the exercise price of HK\$5.60 per Share during the exercise period from 1 April 2011 to 31 March 2016. Save as disclosed above, Ms. Ji has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Ji is independent from and not related to any other Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Ms. Ji has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules in respect of Ms. Ji and there are no other matters that need to be brought to the attention of the Shareholders in relation to her re-election.

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(l)(b) and other relevant provisions of the Listing Rules which is set out as follows:

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 103,750,000 Shares, being 10% of the entire issued share capital of the Company.

### **2. REASONS FOR SHARES REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and its Shareholders as a whole as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company and the Shareholders as a whole.

### **3. FUNDING OF REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Articles of Association and the laws of the Cayman Islands. Any repurchase of Shares will be made out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purpose of the purchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. In accordance with the laws of the Cayman Islands, the shares so repurchased would be treated as cancelled.

The Directors consider that the exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or gearing level of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 30 June 2014), the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with

the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 30 June 2014) which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. MARKET PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange during the previous twelve months preceding the Latest Practicable Date were as follows:

	<i>Note</i>	Price per Share	
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2013</b>			
October	1	—	—
November	1	—	—
December	1	—	—
<b>2014</b>			
January	1	—	—
February	1	—	—
March	1	—	—
April	1	—	—
May	1	—	—
June	1	—	—
July	1	—	—
August	1	—	—
September	1	—	—
October (up to the Latest Practicable Date)	1	—	—

*Note:*

- Trading in the Shares on the Stock Exchange has been suspended since 22 August 2012.

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, nor have undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.

## **6. TAKEOVERS CODE AND THE PUBLIC FLOAT REQUIREMENT**

If a Shareholder's proportionate interest in the voting capital of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Wong Fun Chung is beneficially interested in an aggregate of approximately 36.97% of the total issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the shareholding in the Company held by him would be increased to approximately 41.08% of the total issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors will not exercise the Repurchase Mandate to such an extent as a result of such repurchase, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. The Directors do not have any present intention (i) to repurchase Shares to an extent which will result in the amount of Shares held by the public being reduced to less than 25% of the total issued share capital of the Company; and (ii) to trigger any obligation to make a mandatory offer for Shares under the Takeovers Code.

## **7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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## NOTICE OF ANNUAL GENERAL MEETING

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### CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

### 中國高精密自動化集團有限公司

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 591)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “AGM”) of China High Precision Automation Group Limited (the “Company”) will be held at the second banquet hall, 3rd Floor, Empark Grand Hotel, No. 59 Wenquan Gongyuan Road, Fuzhou, China at 10:30 a.m. on Friday, 21 November 2014 for the following purposes:

#### **ORDINARY RESOLUTIONS**

1. To consider and approve the audited consolidated financial statements and the reports of the directors of the Company (the “Directors”) and of the auditors of the Company for the year ended 30 June 2014.
2. To re-elect the following retiring Directors and to authorise the board of Directors (the “Board”) to fix the remuneration of the Directors:
  - (i) to re-elect Mr. Wong Fun Chung as an executive Director;
  - (ii) to re-elect Mr. Cheung Chuen as an executive Director; and
  - (iii) to re-elect Ms. Ji Qin Zhi as an independent non-executive Director.
3. To re-appoint Pan-China (H.K.) CPA Limited as the auditors of the Company and to authorise the Board to fix their remuneration for the year ending 30 June 2015.



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## NOTICE OF ANNUAL GENERAL MEETING

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4. To consider and, if thought fit, pass with or without amendments, the following as ordinary resolutions:

(A) “**THAT**

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (as amended from time to time) (the “Listing Rules”), be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees and Directors and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company; or (c) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company; or (d) an issue of shares of the Company as scrip dividend or similar arrangement in accordance with the memorandum and articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution: “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares of the Company open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

(B) “**THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period of all powers of the Company to purchase or otherwise acquire shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Hong Kong Securities and Futures Commission (“SFC”) for this purpose, subject to and in accordance with all applicable rules and regulations of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company which are authorized to be purchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution: “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

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- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT**

conditional upon the passing of the resolutions set out in paragraphs 4(A) and 4(B) of the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 4(A) of the notice convening this meeting be and is hereby extended by the addition thereto an amount of shares representing the aggregate nominal amount of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the Directors under the resolution set out in paragraph 4(B) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the total issued share capital of the Company as at the date of passing this resolution.”

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

Hong Kong, 15 October 2014

**Notes:**

- (1) Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the AGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the AGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.

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- (5) 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 Monday, 17 November 2014 to Friday, 21 November 2014, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 November 2014.
- (6) With regard to the proposed resolutions no. 4(A) to 4(C) above, the Directors wish to state that they have no immediate plans to issue any new shares or repurchase any shares of the Company.
- (7) A circular containing, among other things, an explanatory statement relating to the proposed resolution no. 4(B) above has been despatched to the shareholders of the Company.
- (8) As at the date of this notice, Mr. Wong Fun Chung is an executive Director and the chairman of the board of Directors; Mr. Zou Chong, Mr. Su Fang Zhong and Mr. Cheung Chuen are the executive Directors; Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu Taylor are the independent non-executive Directors.