

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2016**

**HIGHLIGHTS**

1. Turnover decreased by 44.1%;
2. Loss from operations increased by 53.2%;
3. Net loss attributable to equity shareholders of the Company increased by 43.2%;
4. Both the basic and diluted loss per share were RMB9.08 cents.

## ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 2016 (the “Year”), with the comparative figures for the preceding financial year ended 30 June 2015, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2016

(Expressed in Renminbi Yuan)

	Notes	2016 RMB'000	2015 RMB'000
<b>Turnover</b>	3	<b>158,988</b>	284,270
Cost of sales		<b>(193,028)</b>	(277,599)
<b>Gross (loss)/profit</b>		<b>(34,040)</b>	6,671
Other income	5	<b>9,548</b>	9,101
Other loss	5	<b>(6,855)</b>	(164)
Distribution costs		<b>(4,042)</b>	(5,473)
Administrative expenses		<b>(50,977)</b>	(66,897)
Fair value change in investment properties		<b>(4,353)</b>	(3,094)
Impairment of trade receivables	10(b)	<b>(5)</b>	—
Impairment of inventories		<b>(5,156)</b>	(2,734)
<b>Loss from operations</b>		<b>(95,880)</b>	(62,590)
Finance costs		—	—
<b>Loss before taxation</b>	6	<b>(95,880)</b>	(62,590)
Income tax credit/(expenses)	7(a)	<b>1,700</b>	(3,160)
<b>Loss for the year attributable to equity shareholders of the Company</b>		<b>(94,180)</b>	(65,750)
<b>Loss per share (RMB cents)</b>	9		
— basic		<b>(9.08)</b>	(6.34)
— diluted		<b>(9.08)</b>	(6.34)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

(Expressed in Renminbi Yuan)

	<b>2016</b>	2015
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Loss for the year attributable to equity shareholders of the Company</b>	<b>(94,180)</b>	(65,750)
<b>Other comprehensive income/(expenses) for the year</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (excluding Hong Kong)	<u>6,971</u>	<u>(321)</u>
<b>Total comprehensive expenses for the year attributable to equity shareholders of the Company</b>	<u><b>(87,209)</b></u>	<u>(66,071)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(Expressed in Renminbi Yuan)

	<i>Notes</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		521,406	572,626
Investment properties		51,801	56,154
Construction in progress		—	—
Interests in leasehold land held for own use under operating leases		8,957	9,183
Deposits for the purchase of property, plant and equipment		184	278
Deferred tax assets		3,340	2,649
		<u>585,688</u>	<u>640,890</u>
<b>Current assets</b>			
Inventories		41,496	50,589
Trade and other receivables	10	78,333	128,807
Cash and cash equivalents		1,472,102	1,449,346
		<u>1,591,931</u>	<u>1,628,742</u>
<b>Current liabilities</b>			
Trade and other payables	11	66,916	70,123
Provision for warranties		812	1,400
		<u>67,728</u>	<u>71,523</u>
<b>Net current assets</b>		<u>1,524,203</u>	<u>1,557,219</u>
<b>Total assets less current liabilities</b>		<u>2,109,891</u>	<u>2,198,109</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		20,369	21,378
		<u>20,369</u>	<u>21,378</u>
<b>NET ASSETS</b>		<u>2,089,522</u>	<u>2,176,731</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	91,360	91,360
Reserves		1,998,162	2,085,371
<b>TOTAL EQUITY</b>		<u>2,089,522</u>	<u>2,176,731</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Surplus reserve	Share-based payment reserve	Other reserve	Revaluation reserve	Exchange reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2014	91,360	941,077	181,790	88,260	2,982	2,986	(27,708)	962,055	2,242,802
Changes in equity for the year ended 30 June 2015:									
Loss for the year	—	—	—	—	—	—	—	(65,750)	(65,750)
Other comprehensive expenses	—	—	—	—	—	—	(321)	—	(321)
Total comprehensive expenses	—	—	—	—	—	—	(321)	(65,750)	(66,071)
Balance at 30 June 2015	<u>91,360</u>	<u>941,077</u>	<u>181,790</u>	<u>88,260</u>	<u>2,982</u>	<u>2,986</u>	<u>(28,029)</u>	<u>896,305</u>	<u>2,176,731</u>

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Surplus reserve	Share-based payment reserve	Other reserve	Revaluation reserve	Exchange reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2015	91,360	941,077	181,790	88,260	2,982	2,986	(28,029)	896,305	2,176,731
Changes in equity for the year ended 30 June 2016:									
Loss for the year	—	—	—	—	—	—	—	(94,180)	(94,180)
Other comprehensive income	—	—	—	—	—	—	6,971	—	6,971
Transfer of reserves upon lapse of share option	—	—	—	(88,260)	—	—	—	88,260	—
Total comprehensive income/(expenses)	—	—	—	(88,260)	—	—	6,971	(5,920)	(87,209)
Balance at 30 June 2016	<u>91,360</u>	<u>941,077</u>	<u>181,790</u>	<u>—</u>	<u>2,982</u>	<u>2,986</u>	<u>(21,058)</u>	<u>890,385</u>	<u>2,089,522</u>

## 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 2016 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 financial statements is the historical cost basis except for 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, there are no new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2015.

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the reporting period. The main impact on the financial statements is the presentation and disclosure of certain information in the financial statements.

### 3 TURNOVER

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

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Sales of automation instrument and technology products	109,896	220,748
Sales of horological instruments	49,092	63,522
	<u>158,988</u>	<u>284,270</u>

### 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 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 allowance for doubtful debt.

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 2016 and 2015 is set out below.

	Automation instrument and technology products		Horological instruments		Total	
	2016	2015	2016	2015	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>109,896</u>	<u>220,748</u>	<u>49,092</u>	<u>63,522</u>	<u>158,988</u>	<u>284,270</u>
Reportable segment loss (adjusted loss from operations)	<u>(45,934)</u>	<u>(8,228)</u>	<u>(38,642)</u>	<u>(18,237)</u>	<u>(84,576)</u>	<u>(26,465)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil).

	Automation instrument and technology products		Horological instruments		Total	
	At 30 June 2016	At 30 June 2015	At 30 June 2016	At 30 June 2015	At 30 June 2016	At 30 June 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment assets	<u>472,929</u>	<u>561,791</u>	<u>172,271</u>	<u>193,779</u>	<u>645,200</u>	<u>755,570</u>
Reportable segment liabilities	<u>10,631</u>	<u>11,929</u>	<u>9,137</u>	<u>10,428</u>	<u>19,768</u>	<u>22,357</u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	<u>158,988</u>	<u>284,270</u>
Turnover	<u><u>158,988</u></u>	<u><u>284,270</u></u>
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Profit or loss</b>		
Reportable segment loss	<u>(84,576)</u>	<u>(26,465)</u>
Unallocated head office and corporate expenses	<u>(11,304)</u>	<u>(36,125)</u>
Loss before taxation	<u><u>(95,880)</u></u>	<u><u>(62,590)</u></u>
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	<u>645,200</u>	<u>755,570</u>
Unallocated head office and corporate assets	<u>1,532,419</u>	<u>1,514,062</u>
Total assets	<u><u>2,177,619</u></u>	<u><u>2,269,632</u></u>
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	<u>19,768</u>	<u>22,357</u>
Unallocated head office and corporate liabilities	<u>68,329</u>	<u>70,544</u>
Total liabilities	<u><u>88,097</u></u>	<u><u>92,901</u></u>

(c) Other segment information

	Automation instrument and technology products		Horological instruments	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Depreciation and amortisation	<u>34,694</u>	<u>32,411</u>	<u>15,587</u>	<u>18,192</u>
Additions to non-current segment assets during the year	<u>140</u>	<u>2,191</u>	<u>—</u>	<u>324</u>
Allowance for doubtful debt	<u>5</u>	<u>—</u>	<u>363</u>	<u>342</u>



(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, investment properties, interests in leasehold land held for own use under operating leases 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	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Hong Kong and others	6,181	10,536	65	268
People's Republic of China ("PRC") (excluding Hong Kong)	152,807	273,734	582,283	637,973
	<u>158,988</u>	<u>284,270</u>	<u>582,348</u>	<u>638,241</u>

(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	2016	2015
		RMB'000	RMB'000
Customer A	Horological instruments	<u>42,168</u>	<u>52,620</u>

5 **OTHER INCOME AND OTHER LOSS**

	2016 RMB'000	2015 RMB'000
<b>Other income</b>		
Bank interest income	4,709	4,980
Government grants ( <i>Note</i> )	864	864
Rental income	2,609	2,899
Reversal of provision warranties	588	162
Sundry income	778	196
	<u>9,548</u>	<u>9,101</u>
<b>Other loss</b>		
Loss on disposal of property, plant and equipment	(23)	(359)
Net foreign exchange (expenses)/income	(6,832)	195
	<u>(6,855)</u>	<u>(164)</u>

*Note:*

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

## 6 LOSS BEFORE TAXATION

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>(a) Staff costs</b>		
Contributions to defined contribution retirement plans	2,003	1,997
Salaries, wages and other benefits	35,470	41,730
	<u>37,473</u>	<u>43,727</u>

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 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.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>(b) Other items</b>		
Depreciation	51,484	52,720
Amortisation	226	226
Research and development costs	12,242	24,945
Reversal of provision for warranties	(588)	(162)
Auditors’ remuneration		
— Audit services	1,700	1,700
— Special audit for 2011 financial statements	600	—
Impairment of trade receivables ( <i>note 10(b)</i> )	5	—
Operating lease charges in respect of properties	2,241	2,126
Cost of inventories sold*	<u>193,028</u>	<u>277,599</u>

\* Cost of inventories sold includes RMB67,625,000 (2015: RMB78,027,000) relating to staff costs, depreciation and amortisation expenses, amounts of which are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

## 7 INCOME TAX (CREDIT)/EXPENSES

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Current tax</b>		
Current year	—	—
<b>Deferred tax (credit)/expenses</b>		
Current year	<u>(1,700)</u>	<u>3,160</u>
	<u><u>(1,700)</u></u>	<u><u>3,160</u></u>

- (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)/expenses and loss before taxation at applicable tax rates:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss before taxation	<u>(95,880)</u>	<u>(62,590)</u>
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdiction concerned	(22,660)	(15,463)
Tax effect of non-taxable revenue	(1,691)	(1,895)
Tax effect of non-deductible expenses	4,919	5,733
Tax effect of temporary differences	(1,700)	3,160
Tax effect of estimated tax losses not recognised	<u>19,432</u>	<u>11,625</u>
Actual income tax (credit)/expenses	<u><u>(1,700)</u></u>	<u><u>3,160</u></u>

## 8 DIVIDENDS

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
No dividend proposed after the end of the reporting period (2015: Nil)	—	—

## 9 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 RMB94,180,000 (2015: RMB65,750,000) and the number of 1,037,500,000 ordinary shares (2015: 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 RMB94,180,000 (2015: RMB65,750,000) 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. As disclosed in note 13, the Company did not have any exercisable share option outstanding as at 30 June 2016. There were no dilutive potential ordinary shares after all outstanding share options lapsed on 31 March 2016, therefore diluted loss per share are equal to basic loss per share. For the year ended 30 June 2015, the share options had no dilutive effect as the average market price of ordinary shares during the year did not exceed the exercise price of the options.

	2016 <i>'000</i>	2015 <i>'000</i>
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)	<u>1,037,500</u>	<u>1,037,500</u>

## 10 TRADE AND OTHER RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	77,372	127,287
Less: Allowance for doubtful debts ( <i>note 10(b)</i> )	<u>(368)</u>	<u>(342)</u>
	77,004	126,945
Other prepayments, deposit and receivables	<u>1,329</u>	<u>1,862</u>
	<u>78,333</u>	<u>128,807</u>

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
0–60 days	<b>30,249</b>	42,587
61–120 days	<b>27,682</b>	44,857
121–180 days	<b>19,073</b>	39,501
	<u><b>77,004</b></u>	<u>126,945</u>

All of the trade and other receivables are expected to be recovered or recognised as an expense within one year. The Group generally grants credit periods of 120 days to 180 days from the date of billing to its customers.

**(a) Ageing analysis**

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Neither past due nor impaired (current)	<b>77,004</b>	126,945
Less than 1 month past due	—	—
1 to 3 months past due	—	—
Amount past due	—	—
	<u><b>77,004</b></u>	<u>126,945</u>

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

**(b) Impairment of trade receivables**

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

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 July 2015/2014	<b>342</b>	341
Impairment loss recognised	<b>5</b>	—
Exchange difference	<b>21</b>	1
At 30 June 2016/2015	<u><b>368</b></u>	<u>342</u>

The individually impaired receivables related to customers and other third parties that were in financial difficulties and management assessed that only a portion of the receivables are expected to be recovered. Consequently, specific allowances for doubtful debts of RMB368,000 (2015: RMB342,000) were recognised. The Group does not hold any collateral over these balances.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Age of impaired trade receivables overdue by		
0–60 days	—	—
61–120 days	—	—
Over 120 days	368	342
	<u>368</u>	<u>342</u>
Total	<u><u>368</u></u>	<u><u>342</u></u>

## 11 TRADE AND OTHER PAYABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade payables	19,388	20,958
Other payables and accruals	47,528	49,165
	<u>66,916</u>	<u>70,123</u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Due within 1 month or on demand	16,056	12,299
Due after 1 month but within 3 months	2,795	8,292
Due after 3 months but within 6 months	83	87
Over 6 months	454	280
	<u>19,388</u>	<u>20,958</u>

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

## 12 SHARE CAPITAL

There was no movement of the authorised share capital of the Company during the years ended 30 June 2015 and 2016:

	Par value <i>HK\$</i>	Number of shares <i>'000</i>	Nominal value of ordinary shares	
			<i>HK\$'000</i>	<i>RMB'000</i>
<b>Authorised:</b>				
At 1 July 2014, 30 June 2015 and 30 June 2016	<u>0.1</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>880,500</u>

There was no movement in the Company's issued share capital during the years ended 30 June 2015 and 2016:

	Par value <i>HK\$</i>	Number of shares <i>'000</i>	Nominal value of ordinary shares	
			<i>HK\$'000</i>	<i>RMB'000</i>
<b>Issued and fully paid:</b>				
At 1 July 2014, 30 June 2015 and 30 June 2016	0.1	1,037,500	103,750	91,360

*Note:*

As at 30 June 2016 and 30 June 2015, 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.

### 13 EQUITY-SETTLED SHARE-BASED PAYMENTS

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

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

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 2016, 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 is settled gross in shares. No share options were granted to the Company's Directors and employees during the years ended 30 June 2016 and 30 June 2015.

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

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

- (b) The share options outstanding at 30 June 2015 have a weighted average remaining contractual life of 0.71 years. All outstanding share options were lapsed in accordance with the terms of the Scheme on 31 March 2016. No share options were outstanding at 30 June 2016.
- (c) The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price	Number of options '000
Outstanding at 1 July 2014, 30 June 2015 and 1 July 2015	HK\$5.6	39,000
Less: Lapsed during the year	HK\$5.6	<u>(39,000)</u>
Outstanding at 30 June 2016		<u>—</u>

(d) **Fair value of share options and assumptions**

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

*Fair value of share options and assumptions*

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

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET AND BUSINESS REVIEW

During the Year, global economy remained weak with a growth at six-year low. The Chinese economy, though, maintained its growth pace in general, the GDP turned in lowest growth rate in 25 years at 6.9%. As such, the economic transformation and upgrade in the People's Republic of China (the "PRC") have been stumbling, overall economy stayed "at the bottom with limited extent of recovery". In particular, downward pressure put on manufacturing industries by the "new normal" has remarkably increased. The industries above designated scale in the PRC marginally grew by 6.1% in 2015 as compared with a double-digit growth over the past few years, and traditional industries, such as energy, petrochemicals and metallurgy, suffered the most as a result of the "new normal".

The principal activities of the Group are the research and development, manufacture and sales of automation instruments, and downstream customers are mainly from traditional industries. In 2015, the measures for "cutting capacity and destocking" addressing supply-demand imbalance taken by the traditional industries, such as metallurgy, power generation, petroleum and petrochemicals, caused changes and market pressure on the automation instrument industry. Powerful multinational enterprises in the industry have embarked on aggressive expansion into the Chinese market for winning a bigger market share of high-end products, resulting in price slump of products. In addition, significant fall in number or suspension of new construction projects and conversion projects spoke to a difficult market environment throughout the year, resulting in sharp decrease in our performance.

In view of intricate market conditions, the Company will leverage on the cutting edge of its research and development team to continue with the research and development of two new items, namely, high precision silicon pressure transducers and high-end valves, and their accessories, with a view to ongoing upgrades and improvements in product technologies. Meanwhile, the Company will continue to extensively facilitate product development for key sectors of "import substitution", such as petrochemicals, power generation and metallurgy, improve product quality, carry out detailed research on the Internet of Things solution for the industry in a bid to enhance quality of product development and reliability of our products, providing support to innovative and traditional manufacturing industries.

### 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 RMB109,896,000 (2015: approximately RMB220,748,000), representing approximately 69.1% (2015: approximately 77.7%) 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 RMB45,934,000, as compared to a reportable segment loss of approximately RMB8,228,000 in 2015.

## **Horological instruments**

Sales of horological instruments were approximately RMB49,092,000 (2015: approximately RMB63,522,000), which accounts for approximately 30.9% (2015: approximately 22.3%) of the Group's total turnover during the Year. This segment recorded reportable segment loss of approximately RMB38,642,000, as compared to a reportable segment loss of approximately RMB18,237,000 in 2015.

## **MANUFACTURING FACILITIES**

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

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

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

The 3rd phase development is solely for actuators, one of the Group's new products. The construction was completed in 2012. In light of the instability of the global market, the Directors will proceed with the future developments cautiously.

## **PROSPECTS**

The Group's automation instruments are widely used in a number of downstream industries, including the fundamental and core industries for economic development, such as metallurgy, non-ferrous metal, chemicals, power generation and petroleum. As a source of information industry, the development of industrial automation instruments and system has earned high recognition and great support from the PRC government, and the demand for automation instruments and system has been boosted by industrialisation and modernisation in the PRC, rapid growth in the industry has been maintained for over a decade.

In 2015, the PRC's economy stepping into the "new normal", greater downward pressure on economy, increasing essential costs of production, and the measures for "cutting capacity and destocking" addressing supply-demand imbalance taken by the traditional industries, such as metallurgy, power generation, petroleum and petrochemicals, caused changes and market pressure on the automation instrument industry. However, with the emergence of the fourth industrial revolution, Made in China 2025 and the Internet of Things in Action, the industrial automation instruments and system will play an important role in economic structural adjustment in the PRC by facilitating convergence of industrialisation and informatisation, implementing intelligent manufacturing, accelerating industrial upgrade and promoting energy saving and environmental protection, with an aim to enhance technological level of automation.

At present, a relatively wider gap of automation level of process industry remains between the PRC and developed countries, in particular import substitution in mid-to-high end products. In addition, application of technology and products of industrial automation has been expanding widely to big data, energy services, environment, transportation, safety and livelihood, representing huge potential opportunities in traditional markets and emerging markets. Industrial automation control included in high-end equipment, equipment for environmental protection and urban rail transit equipment has been listed as key support industries for development under the National 13th Five-Year Plan, demonstrating a promising prospects and offering more opportunities than challenge.

## **FINANCIAL REVIEW**

### **Turnover**

Turnover of the Group amounted to approximately RMB158,988,000 for the Year (2015: approximately RMB284,270,000), representing a decrease of about 44.1% as compared to that of last year. The decrease is mainly due to the adverse effect of the sluggish global economy which causes delay in commencement of large-scale projects in the PRC (particularly those in the petroleum and petrochemical industries), persistent decrease in demand of both industrial automation instrument and technology products and horological instruments, and decrease in unit selling price of industrial automation instrument and technology products.

### **Gross loss and loss from operations**

During the Year, the Group's gross loss and loss from operations amounted to approximately RMB34,040,000 (2015: profit of approximately RMB6,671,000) and approximately RMB95,880,000 (2015: approximately RMB62,590,000) respectively. The gross loss and increase in loss from operation is in line with the decrease in turnover. The increase in loss from operations is also attributed to an impairment loss of approximately RMB5,156,000 (2015: approximately RMB2,734,000) in inventories and a loss of approximately RMB4,353,000 (2015: approximately RMB3,094,000) in fair value change of investment properties.

The segment of automation instrument and technology products suffered a gross loss for the Year. It is mainly due to the decrease in turnover.

The segment of horological instruments also suffered a gross loss for the Year although the average unit selling price slightly increased from RMB1.45 for 2015 to RMB1.49 for the Year. It is also mainly due to the decrease in turnover. 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.

### **Net loss**

The loss attributable to equity shareholders of the Company for the Year was approximately RMB94,180,000, as compared to that of approximately RMB65,750,000 in 2015. 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 RMB9.08 cents (2015: both RMB6.34 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 2016, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB1,472,102,000 (30 June 2015: approximately RMB1,449,346,000), approximately RMB1,524,203,000 (30 June 2015: approximately RMB1,557,219,000) and approximately RMB2,109,891,000 (30 June 2015: approximately RMB2,198,109,000) respectively.

### **Borrowings**

As at 30 June 2016, the Group had no bank borrowings (30 June 2015: Nil).

### **Equity**

Total equity attributable to equity shareholders of the Company as at 30 June 2016 decreased by approximately RMB87,209,000 to approximately RMB2,089,522,000 (30 June 2015: approximately RMB2,176,731,000).

### **Gearing ratio**

The gearing ratio (calculated as the ratio of total liabilities divided by total equity) of the Group as at 30 June 2016 was approximately 0.04 (30 June 2015: 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 2016, 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\$128 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\$3 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 12 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 AND ASSOCIATED COMPANIES**

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

## **EMPLOYEES AND SHARE OPTION SCHEME**

As at 30 June 2016, the Group employed a total of 734 employees (30 June 2015: 844). 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 RMB37,473,000 (2015: approximately RMB43,727,000).

In order to provide incentives to the staff, Directors and consultants of the Group, share options would be granted to staff, Directors and consultants under the Company's share option scheme (the "Scheme") adopted on 28 October 2009. During the Year, no option was granted, exercised or cancelled, and there were 39,000,000 share options which were lapsed under the Scheme. Details of the Scheme are set out in note 13 to the consolidated results of the Group as contained in this announcement.

## **CHARGE ON ASSETS**

As at 30 June 2016, the Group did not have any charges on its assets.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING**

Apart from the expansion of manufacturing facilities as described in page 18 of this announcement, the Group had no future plans for material investments as at 30 June 2016.

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 noted that there was a devaluation of the Renminbi Yuan against foreign currencies during the Year. However, the devaluation does not have material effect on 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 2016, the Group had capital expenditure contracted for but not provided in the financial statements and capital expenditure authorised but not contracted for capital commitments in the consolidated financial statements amounted to approximately RMB309,000 (30 June 2015: approximately RMB753,000) and approximately RMB57,167,000 (30 June 2015: approximately RMB56,864,000) respectively.

## **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group did not have any material contingent liabilities (30 June 2015: Nil).

## **DIVIDENDS**

The Board does not recommend the payment of any final dividend for the Year (2015: 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 remuneration committee of the Company, currently comprising three independent non-executive Directors, namely Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu, Taylor, is primarily responsible for, inter alia, making recommendations to the Board on the remuneration packages of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

## **NOMINATION COMMITTEE**

The Group established a nomination committee (the “Nomination Committee”) since 2008 with written terms of reference which are in compliance with the Code. The primary duties of the Nomination Committee are, 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 (Chairman). The Audit Committee has reviewed the annual results of the Group for the Year.

## **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](http://www.hkexnews.hk) and the Company’s website at [www.chpag.net](http://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 21 November 2016 to 25 November 2016, 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 not later than 4:30 p.m. on 18 November 2016.

## **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](http://www.hkexnews.hk) and on the Company’s website at [www.chpag.net](http://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 2016 annual report of the Company.

The 2016 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](http://www.chpag.net) and the Stock Exchange's website at [www.hkexnews.hk](http://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, 26 September 2016

*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.*