



研祥智能科技股份有限公司

EVOC Intelligent Technology Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code : 8285

2009
Interim Report



* for identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of EVOC Intelligent Technology Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2009 was approximately RMB469 million (2008: RMB419 million), representing an increase of approximately 12% as compared with the same period of last year.

Profit attributable to owners of the parent for the six months ended 30 June 2009 amounted to approximately RMB55 million (2008: RMB42 million), representing an increase of approximately 31% as compared with the same period of last year.

Earnings per share were approximately RMB0.045 (2008: RMB0.034) for the six months ended 30 June 2009.

The Directors do not recommend payment of dividend for the six months ended 30 June 2009 (2008: Nil).

UNAUDITED RESULTS

The board of directors (the "Directors") is pleased to present the unaudited consolidated results of the Group for the six months and three months ended 30 June 2009, together with the comparative unaudited results for the corresponding period in 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	Three months ended 30 June		Six months ended 30 June	
		2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Turnover	4	264,557	236,057	468,627	419,346
Cost of sales		(195,522)	(173,949)	(348,400)	(312,153)
Gross profit		69,035	62,108	120,227	107,193
Other income	5	24,958	15,931	42,269	25,915
Selling and distribution costs		(13,747)	(13,946)	(24,508)	(25,676)
Administrative expenses		(8,465)	(12,504)	(19,858)	(21,412)
Other operating expenses		(16,749)	(9,565)	(30,088)	(19,135)
Finance costs		(15,763)	(12,339)	(29,976)	(19,046)
Profit before taxation	6	39,269	29,685	58,066	47,839
Income tax	7	(532)	(1,209)	(3,002)	(5,763)
Profit and other comprehensive income for the period		38,737	28,476	55,064	42,076
Profit and other comprehensive income attributable to:					
Owners of the parent		38,834	28,700	55,288	42,346
Non-controlling interests		(97)	(224)	(224)	(270)
		38,737	28,476	55,064	42,076
Dividends	8	—	—	—	—
Earnings per share					
— Basic and diluted	9	RMB0.0315	RMB0.023	RMB0.045	RMB0.034

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

<i>Notes</i>	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Assets and liabilities		
Non-current assets		
Property, plant and equipment	10 439,292	372,522
Investment properties	58,330	58,330
Lease prepayments	997,865	992,867
Deposit for acquisition of prepaid land lease	—	5,000
Goodwill	24,470	24,470
Deferred tax assets	4,363	1,709
	1,524,320	1,454,898
Current assets		
Inventories	120,607	89,629
Trade receivables	11 139,705	143,753
Bills receivables	13,960	9,141
Income tax receivable	—	2,654
Lease prepayments	28,883	28,883
Other receivables, deposits and prepayments	28,710	31,882
Cash and cash equivalents	1,284,474	1,024,017
	1,616,339	1,329,959
Current liabilities		
Bank borrowings	12 308,000	588,000
Trade payables	13 123,289	112,957
Bills payable	3,149	13,099
Income tax payable	4,810	13,739
Other payables and accruals	292,172	302,887
	731,420	1,030,682

		30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
	<i>Notes</i>		
Net current assets		884,919	299,277
Total assets less current liabilities		2,409,239	1,754,175
Non-current liabilities			
Bank borrowings	12	792,000	192,000
Deferred tax liabilities		195,662	195,662
		987,662	387,662
Net assets		1,421,577	1,366,513
Equity			
Share capital	14	123,314	123,314
Reserves		648,291	593,003
Equity attributable to owners of the parent		771,605	716,317
Non-controlling interests		649,972	650,196
Shareholders' funds		1,421,577	1,366,513

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Properties revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Attributable to owners of the parent RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2009	123,314	8,586	64,033	74,398	565	445,421	716,317	650,196	1,366,513
Net profit/(loss) for the period	—	—	—	—	—	55,288	55,288	(224)	55,064
At 30 June 2009 (unaudited)	123,314	8,586	64,033	74,398	565	500,709	771,605	649,972	1,421,577
At 1 January 2008	123,314	8,586	54,311	93,215	—	341,881	621,307	666,235	1,287,542
Net profit for the period	—	—	—	—	—	42,346	42,346	(270)	42,076
At 30 June 2008 (unaudited)	123,314	8,586	54,311	93,215	—	384,227	663,653	665,965	1,329,618

CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	37,562	(132,855)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(67,235)	(19,142)
NET CASH INFLOW FROM FINANCING ACTIVITIES	290,130	101,027
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	260,457	(50,970)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,024,017	571,061
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,284,474	520,091
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCE	504,474	61,301
PLEDGED BANK DEPOSITS	—	9,474
TIME DEPOSITS	780,000	449,316
	1,284,474	520,091

Notes:

1. CORPORATE INFORMATION

EVOC Intelligent Technology Company Limited ("the Company") is a limited liability company registered in the People's Republic of China (the "PRC"). The registered office of the Company is located at EVOC Technology Building, No. 31 Gaoxinzhongsi Avenue, Nanshan District, Shenzhen, the PRC.

2. PRINCIPAL ACTIVITIES

The Company and its subsidiaries (the "Group") is principally engaged in the research, development, manufacture and distribution of Advanced Process Automation ("APA") products in the PRC. APA is a computer system built to allow users to adopt hardware and software applications to perform a dedicated function or a range of dedicated functions such as data processing, generating, interpreting and executing control signals, etc. and is embedded into a product, device or a larger system. APA products manufactured and distributed by the Group are widely applied in areas of tele-communication, industrial, military, electricity generation, video frequency control, transportation, Internet, commerce and finance, etc.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2008.

The financial statements have been prepared under historical cost convention, as modified for the revaluation of buildings and investment properties.

The Group's unaudited condensed interim financial statements for the six months ended 30 June 2009 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

4. SEGMENT INFORMATION AND TURNOVER

The Group operates one business segment, which is the research, development, manufacture and distribution of APA products and therefore, no further business segment is presented.

No geographical segment analysis is presented as the Group's operations were substantially carried out in Mainland China during the periods ended 30 June 2009 and 2008.

Turnovers, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

5. OTHER INCOME

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Other operating income (mainly gross rentals from investment properties and sub-contracting income, etc.)	12,597	7,565
Non-operating income (mainly value-added tax concession and government subsidies, etc.)	18,364	11,051
Interest income	11,508	6,789
Foreign exchange differences, net	(200)	510
	42,269	25,915

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Cost of inventories sold	195,522	173,949	348,400	312,153
Depreciation	2,503	1,786	5,271	3,403
Amortisation of land lease prepayments	31	31	63	63
Research & development costs	13,926	7,720	24,735	14,993
Minimum lease payments under operating leases in respect of land & buildings	3,279	2,695	6,958	4,662
Staff costs (including remuneration of directors):				
Salaries, bonus & allowances	14,097	18,697	35,049	34,559
Retirement benefits scheme contributions	1,708	1,791	3,416	2,932
Direct operating expenses arising on rental income from investment properties	2,721	2,370	4,806	3,652

7. INCOME TAX

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax, ("EIT") rate of 25% is applied to both domestic invested enterprise and foreign-invested enterprises. Enterprises established prior to 16 March 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012. Accordingly, Shenzhen EVOC Software Technology Company Limited ("Shenzhen EVOC Software") and Shenzhen EVOC Xinteer Technology Company Limited ("Xinteer") can continue to enjoy the preferential tax rates during the transitional period. Shenzhen EVOC Software and Xinteer are subject to EIT rate of 20% (2008:18%) and Shenzhen EVOC Software is entitled to a 50% tax exemption (ie subject to a rate of 10%) in 2009 (2008: 9%).

The Company, and its subsidiaries, namely, Beijing EVOC Xingye International Technology Company Limited, Shanghai EVOC Intelligent Technology Company Limited are recognised as high technology enterprise and therefore subject to a preferential income tax rate of 15% (2008: 25%).

The branches and other subsidiaries of the Company located in various cities of Mainland China were subject to the statutory EIT rate of 25% on their assessable profits in 2008 and 2009.

Hong Kong EVOC International Technology Company Limited ("HK EVOC"), a subsidiary incorporated in Hong Kong during 2008, is subject to Hong Kong profits tax at 16.5% in 2008 and 2009.

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2009 (2008: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the unaudited profit attributable to owners of the parent of approximately RMB55,288,000 (2008: RMB42,346,000) and the 1,233,144,000 (2008: 1,233,144,000) ordinary shares in issue during the period.

Diluted earnings per share amount for the six months ended 30 June 2009 and 2008 have not been disclosed as no diluting events existed during these periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost or valuation:							
At 1 January 2009	179,936	40,709	43,214	71,195	14,271	74,364	423,689
Additions	—	1,139	1,514	5,622	532	69,167	77,974
Disposals	—	(1,686)	(1,116)	(3,131)	—	—	(5,933)
As at 30 June 2009	179,936	40,162	43,612	73,686	14,803	143,531	495,730
Accumulated depreciation:							
At 1 January 2009	—	12,541	11,563	22,966	4,097	—	51,167
Provided during the period	—	410	2,481	3,588	1,308	—	7,787
Disposals	—	(694)	(404)	(1,418)	—	—	(2,516)
As at 30 June 2009	—	12,257	13,640	25,136	5,405	—	56,438
Carrying amount:							
As at 30 June 2009 (unaudited)	179,936	27,905	29,972	48,550	9,398	143,531	439,292
As at 31 December 2008 (audited)	179,936	28,168	31,651	48,229	10,174	74,364	372,522

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 30 days to 90 days, extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the foregoing and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of trade receivables as at the balance sheet date, based on invoice date, is as follows:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
0 to 90 days	116,716	130,142
91 to 180 days	13,756	8,446
181 to 365 days	10,039	2,864
Over 1 year	2,618	6,324
Trade receivables	143,129	147,776
Less: Provision for doubtful debts	(3,424)	(4,023)
	139,705	143,753

12. BANK BORROWINGS

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Bank borrowings are repayable as follows:		
On demand or within one year	308,000	588,000
After one year but within two years	—	16,000
After two years but within five years	600,000	92,000
After five years	192,000	84,000
	1,100,000	780,000
Bank borrowings are secured by:		
Properties and Guarantees	—	780,000
Guarantees	1,100,000	—
	1,100,000	780,000

13. TRADE PAYABLES

An aged analysis of trade payable, based on the invoice date, is as follows:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
0 to 90 days	119,113	109,133
91 to 180 days	3,337	2,442
181 to 365 days	822	512
Over 1 year	17	870
	123,289	112,957

14. SHARE CAPITAL

	Number of shares	RMB'000
Registered:		
At 31 December 2006	1,027,620,000	102,762
Increase during the year	205,524,000	20,552
At 31 December 2008 and 30 June 2009	1,233,144,000	123,314

	Number of Shares	RMB'000
Issued and fully paid		
At 31 December 2006	1,027,620,000	102,762
Capitalisation issue	205,524,000	20,552
At 31 December 2008 and 30 June 2009	1,233,144,000	123,314

15. RESERVES

Movements of the reserves for the six months ended 30 June 2009 and 2008 are shown in the condensed consolidated statement of changes in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2009, the Group reported an unaudited revenue of RMB468,627,000 (2008: RMB419,346,000), representing an increase of 12% as compared with the same period of last year, reflecting the continuous strong demand for the Group's products in favorable market conditions.

For the six months ended 30 June 2009, the Group recorded an unaudited net profit of RMB55,064,000 (2008: RMB42,076,000), representing an increase of 31% as compared with the same period of last year. Gross profit margin for the six months ended 30 June 2009 was 26%, remains stable compared with the same period of last year.

The research and development costs for the six months ended 30 June 2009 was approximately RMB24.7 million (2008: RMB15.0 million) which was included in other operating expenses. The increase is mainly due to increase of research and development of new products.

Net profit attributable to owners of the parent amounted to approximately RMB55 million (2008: RMB42 million), represented an increase of approximately 31% to that of the last corresponding period.

Liquidity, Financial Resources and Gearing ratio

As at 30 June 2009, the Group had shareholders' funds/net assets of approximately RMB1,421 million. It mainly comprised bank balances which amounted to approximately RMB1,284 million, inventories of approximately RMB121 million and trade and bills receivables amounted to approximately RMB154 million. Long-term bank borrowings amounted to RMB792 million. Current liabilities of the Group mainly comprised bank borrowings of RMB308 million, trade and bills payable of approximately RMB126 million and other payable and accruals of RMB292 million. Net assets value per share of the Group is approximately RMB1.15.

As at 30 June 2009, the gearing ratio of the Group is about 55% (31 December 2008: 51%). It is defined as the Group's total liabilities over the total assets.

Pledge of Assets

At 30 June 2009, the Group has no charges of its assets (31 December 2008: RMB243,903,000) but the director personal guarantees as security for bank loans and general banking facilities granted to the Group.

Employee Information

As at 30 June 2009, the Company had 2,043 full time employees and the total remuneration for the period was approximately RMB35.0 million (30 June 2008: RMB34.6 million). The Group remunerates its employees based on performance, experience and prevailing industry practices. The Group also provides Mandatory Provident Fund benefits for its employees in Hong Kong and the Statutory Retirement Scheme for its employees in the PRC.

Contingent Liabilities

As at 30 June 2009, the Group did not have any contingent liabilities.

Exchange Rate Exposure

For the period ended 30 June 2009, the Group was not exposed to any significant foreign exchange risk as majority of the Group's main operations are in the PRC and has no significant exposure to any specific foreign currency. Therefore, no hedging or other alternatives have been implemented.

Business Review

During the period under review, the Group continued to engage in research, development, manufacture and distribution of APA (Advanced Process Automation) products in the PRC, delivering on its commitment to enhancing and reforming traditional PRC industries, facilitating their fast development by using information technology and improving the quality of life of human beings.

The Group offers over 390 APA products in three series and solutions tailored for a number of industries including railway transportation, coal mine safety, environmental protection, communications, commerce, industrial, finance, energy, military, video frequency control and Internet.

During the period under review, under the policy of stimulating domestic demand, the PRC's economy regained momentums and showed signs of recovery. Leveraging on the opportunities brought by the technological upgrade of the PRC's 3G construction, the Group successfully won orders on the construction on 3G communication network, and recorded a solid growth in its operating results. As requested by its key clients, the Group continued to extend its product portfolio to include more system integration solutions and value-added products, and the scale of related auxiliary businesses, during the period under review.

Product Categories

The following table provides an analysis of the Group's turnover by products category:

	Turnover			
	Six months ended 30 June			
	2009 (unaudited)		2008 (unaudited)	
	RMB'000	%	RMB'000	%
Board-type APA	143,757	30.7	128,634	30.7
Chassis-type APA	111,216	23.7	100,681	24.0
Remote data modules	6,580	1.4	5,928	1.4
APA products	261,553	55.8	235,243	56.1
Auxiliary services business	207,074	44.2	184,103	43.9
Total	468,627	100	419,346	100

RESEARCH & DEVELOPMENT

The Group continuously expands the size of its R&D team to enhance its R&D capabilities in respect of new products. During the period under review, the Group started preparing for the construction of the new R&D/interim testing base in Shenzhen, China, where the site area is expected to be over 80 thousand sq. m. with a gross floor area of 230 thousand sq. m., and will be used mainly for the production, R&D and terminal testing of the software and hardware of APA products.

The Group's major R&D projects undertaken and key products launched during the period from April to June 2009 included:

1. EVOC Self-defined Reinforced PCI-ISA Industrial Computer Mainline Series Products (EVOC自定義加固型PCI-ISA工業計算機總線系列產品);
2. Compact PCI Platform Product, including a Unified Portable System Platform and Superior Communication Management Platform (Compact PCI平台產品,包括一體化便攜系統平台以及高級通訊管理平台);
3. High-performance Reinforced Computer Product (高性能加固計算機產品);
4. Automatically-Controlled Communication Management Equipment (自動化控制通信管理設備).

SALES AND MARKETING

In Mainland China, the Group continued with its marketing strategy and sales model with direct sales operation at the core. During the period under review, the Group placed advertisements in 20 mainstream media, 25 professional media and 10 market intelligence media in China, to further enhance the Group's influence and market attractions in China's APA sector.

From April to June 2009, the Group participated in the following exhibitions and technology fairs held in China:

1. China Industrial Computers Annual Conference 2009 (2009中國工業計算機年會);
2. The 105th China Import and Export Commodities Trade Fair (第105屆中國進出口商品交易會);
3. "EVOC" China New Product Release Fair 2009 ("EVOC"2009中國巡迴新品發佈會);
4. The 2nd "Dinglizhizhu" Electricity Industry Technology Exchange and Training Seminar (第二屆鼎力之助電力行業技術交流培訓會);
5. The 13th China East-West Cooperation, Investment and Trade Negotiation Fair (第十三屆中國東西部合作與投資貿易洽談會);
6. Beijing FA/PA Exhibition 2009 (2009北京FA/PA展會);
7. China's Dalian Import and Export Commodities Trade Fair cum Dalian International Industrial Exhibition 2009 (2009中國大連進出口商品交易會暨大連國際工業展覽會);
8. Computex Taipei (台北電腦展).

During the period under review, the Group continued with its sales efforts to expand overseas markets. In addition, sales and marketing strategy was adjusted in response to the international economic development and focus was placed on countries and regions including Russia, India, Israel and the Middle East where APA markets have shown a more significant growth.

From April to June 2009, the Group participated in the following overseas exhibitions:

1. "RTS Embedded Systems" in Paris;
2. "HANNOVER MESSE" in Germany.

MANAGEMENT

As the Group continued to expand its business segments in a swift manner, its core team was growing a lot bigger than it used to be. According to its existing development strategy, the Group adjusted its internal management structure in order to streamline the information dissemination within the corporation, and enable effective enforcement of the Group's decisions. Meanwhile, efforts were enhanced in training newly-recruited employees to enable them to quickly grasp our corporate culture, and secure the rapid and steady development of the Group.

OUTLOOK AND PROSPECTS

Development of APA technology, which is positioned in the upstream along the IT industry chain, is able to promote the development of intelligence terminal technology and increase production value of the industry by a few dozen times. Our Board of Directors believe that along with China's and the world's rapid development in information technology and intelligence technology, strong market demand for APA products will sustain in future. In particular, as the Chinese government implemented its policies of stimulating domestic demand and encouraging priority purchase of proprietary products locally made by domestic enterprises, there will be more market opportunities and room for profit growth for the Group.

15 years of development has translated into the Group's extensive experience as a subcontractor for R&D as well as advanced-process-automation product manufacturing projects. Given the opportunities generated by the PRC's continual promotion of the information industry, the Group will innovate and develop on a proprietary basis to explore a brand-new landscape for the advanced process automation sector. In response to the tremendously large market of advanced process automation, the Group will take full advantage of opportunities in the industry to ensure that it will supply the market with products under proprietary intellectual property rights and with high added values.

DIRECTORS' AND SUPERVISORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests or short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO), or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange relating to securities transactions by the directors, were as follows:

(a) Long position — interests in the Company

Director	Type of interests	Number of Shares		Class of Shares	Approximate percentage of holding of the relevant class of shares of the Company	Approximate percentage of holding of the total share capital of the Company
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	840,635,928	(Note 1)	Domestic Shares	90.90%	68.17%
Zhou Hong (周紅)	Beneficial owner	52,800		H Shares	0.02%	0.004%
Supervisor						
Zhang Zheng An (張正安)	Interest of a controlled corporation	46,239,600	(Note 2)	Domestic Shares	5.00%	3.75%

Notes:

- I. These Domestic Shares are held by Shenzhen Yanxiang Wangke Industry Co., Ltd. which is owned as to 70% by Mr. Chen Zhi Lie (陳志列) ("Mr. Chen") and 4.5% by Ms. Wang Rong (王蓉), spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in Shenzhen Yanxiang Wangke Industry Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Yanxiang Wangke Industry Co., Ltd. in the Company pursuant to Part XV of the SFO.

2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 30% by Zhu Jun (朱軍), an Executive Director; 30% by Pu Jing (濮靜), a Supervisor and 40% by Zhang Zheng An (張正安). By virtue of Zhang Zheng An (張正安) holding of more than one-third interest in Shenzhen Haoxuntong Industry Co. Ltd., Zhang Zheng An (張正安) is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

(b) Long position — interests in associated corporations

Directors	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
Chen Zhi Lie (陳志列)	Shenzhen Yanxiang Wangke Industry Co., Ltd.	Beneficial owner	70%
		Family	4.5%
Wang Rong (王蓉)	Shenzhen Yanxiang Wangke Industry Co., Ltd.	Beneficial owner	4.5%
		Family	70%

Note:

Ms. Wang Rong (王蓉) is the spouse of Mr. Chen and therefore Mr. Chen is taken to be interested in the shares held by Ms. Wang Rong (王蓉) and Ms. Wang Rong (王蓉) is deemed to be interested in the shares held by Mr. Chen by virtue of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Long positions in shares

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
Shenzhen Yanxiang Wangke Industry Co., Ltd. (Note)	Registered and beneficial owner of the Domestic Shares	840,635,928	Domestic Shares	90.90%	68.17%
Chen Zhi Lie (陳志列) (Note)	Interest of a controlled corporation	840,635,928	Domestic Shares	90.90%	68.17%
Shenzhen Haoxuntong Industry Co., Ltd.	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%

Note:

Mr. Chen is the beneficial owner of 70% interests in Shenzhen Yanxiang Wangke Industry Co., Ltd. and is deemed to be interested in the Domestic Shares owned by Shenzhen Yanxiang Wangke Industry Co., Ltd. pursuant to Part XV of the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Shenzhen Yanxiang Wangke Industry Co., Ltd.

Save as disclosed above:

- (i) None of the directors, supervisors or chief executives has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (if any) (within the meaning of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (including interest which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required pursuant to rules 5.46 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange as at 30 June 2009; and
- (ii) So far as is known to any director or supervisor, there is no person other than a Director or supervisor or chief executive who, as at 30 June 2009, have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

At no time during the period, the directors or supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meanings of the SFO Ordinance).

SHARE OPTION SCHEME

Up to 30 June 2009, the Company has not adopted any share option scheme or granted any option.

COMPLIANCE WITH RULE 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company's code of conduct regarding securities transactions by the directors throughout the six-month period ended 30 June 2009.

COMPETING BUSINESS AND CONFLICTS INTERESTS

None of the directors, management shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not purchased, sold or redeemed any of the Company's shares during the period.

CAPITAL COMMITMENTS

As at 30 June 2009, the Group had a contracted but not provided for commitments amounting to approximately RMB336,373,000 (31 December 2008: RMB198,589,000) in respect of construction of a service outsourcing centre in Wuxi, the PRC.

EXCHANGE RATE EXPOSURE

As major currencies used for the Group's transactions were Renminbi, the exchange rate risks of the Group is considered to be minimal.

CAPITAL STRUCTURE

There has been no significant change in the capital structure during the period.

SIGNIFICANT INVESTMENT

The Group has not held any significant investment during the period.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisition or disposal during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2009, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee comprises three members. The duties of the audit committee include:

1. Supervising the accounting and financial reporting procedure and reviewing the financial statements of the Group;
2. Studying carefully all proceedings proposed by the qualified accountant, compliance officers and auditors of the Group;
3. Examining and monitoring the internal control system adopted by the Group;
4. Reviewing the relevant work of the Group's external auditor.

The unaudited condensed interim accounts for the six months ended 30 June 2009 have been reviewed by the audit committee.

By order of the Board
EVOC Intelligent Technology Company Limited*
Chen Zhi Lie
Chairman

Shenzhen, PRC, 11 August 2009

As at the date hereof, the executive directors of the Group are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Zhu Jun; the independent non-executive directors of the Group are Mr. Wen Bing, Ms. Zhou Hong, Mr. Dong Lixin and Mr. Wang Tian Xiang.

* *For identification purpose only*