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研祥智能科技股份有限公司
EVOG Intelligent Technology Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock code: 2308)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2012 was approximately RMB556.0 million (2011: RMB547.2 million), representing an increase of approximately 2% as compared with the same period of last year.

Profit attributable to owners of the Company for the six months ended 30 June 2012 amounted to approximately RMB23.3 million (2011: RMB18.4 million), representing an increase of approximately 27% as compared with the same period of last year.

Earnings per share were approximately RMB0.021 (2011: RMB0.016) for the six months ended 30 June 2012.

The Directors do not recommend payment of dividend for the six months ended 30 June 2012 (2011: Nil).

UNAUDITED RESULTS

The Board of directors (the “Directors”) is pleased to present the unaudited consolidated results of the Group for the six months ended 30 June 2012, together with the comparative unaudited results for the corresponding period in 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	4	556,038	547,219
Cost of sales		<u>(467,049)</u>	<u>(451,057)</u>
Gross profit		88,989	96,162
Other income	4	33,509	22,127
Selling and distribution costs		(21,794)	(21,337)
Administrative expenses		(20,821)	(12,426)
Other operating expenses		(27,378)	(34,490)
Finance costs		<u>(24,685)</u>	<u>(27,994)</u>
Profit before income tax	5	27,820	22,042
Income tax expenses	6	<u>(4,537)</u>	<u>(3,593)</u>
Profit and total comprehensive income for the period		<u><u>23,283</u></u>	<u><u>18,449</u></u>
Profit and total comprehensive income attributable to:			
Owners of the Company		25,349	19,609
Non-controlling interests		<u>(2,066)</u>	<u>(1,160)</u>
		<u><u>23,283</u></u>	<u><u>18,449</u></u>
Earnings per share — Basic and diluted	8	<u><u>RMB0.021</u></u>	<u><u>RMB0.016</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	643,731	593,812
Investment properties		95,418	95,418
Prepaid land leases payments		57,422	57,421
Deferred tax assets		1,432	1,302
Total non-current assets		798,003	747,953
Current assets			
Inventories	10	86,915	60,941
Properties under development		693,675	662,971
Prepaid land leases payments		1,287	1,287
Trade receivables	11	148,769	143,042
Bills receivable		58,682	48,572
Other receivables, deposits and prepayments		50,046	36,011
Income tax recoverable		—	130
Cash and bank balances		1,518,956	1,160,462
Total current assets		2,558,330	2,113,416
Current liabilities			
Trade payables	12	135,698	133,486
Bills payable		3,861	258
Other payables and accruals		357,499	301,350
Bank borrowings	13	800,000	519,000
Income tax payable		11,295	13,225
Total current liabilities		1,308,353	967,319
Net current assets		1,249,977	1,146,097
Total assets less current liabilities		2,047,980	1,894,050
Non-current liabilities			
Other payables and accruals		14,202	—
Bank borrowings	13	609,318	492,873
Deferred tax liabilities		97,731	97,731
Total non-current liabilities		721,251	590,604
NET ASSETS		1,326,729	1,303,446
CAPITAL AND RESERVES			
Share capital	14	123,314	123,314
Reserves		876,091	850,742
Equity attributable to owners of the Company		999,405	974,056
Non-controlling interests		327,324	329,390
TOTAL EQUITY		1,326,729	1,303,446

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Share capital	Share premium	Statutory surplus reserve	Properties revaluation reserve	Translation reserve	Retained earnings	Attributable to owners of the Company	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	123,314	8,586	78,067	102,665	1,060	660,364	974,056	329,390	1,303,446
Profit and total comprehensive income for the period	—	—	—	—	—	25,349	25,349	(2,066)	23,283
At 30 June 2012 (unaudited)	<u>123,314</u>	<u>8,586</u>	<u>78,067</u>	<u>102,665</u>	<u>1,060</u>	<u>685,713</u>	<u>999,405</u>	<u>327,324</u>	<u>1,326,729</u>
At 1 January 2011	123,314	8,586	73,676	86,769	691	571,220	864,256	334,532	1,198,788
Profit and total comprehensive income for the period	—	—	—	—	—	19,609	19,609	(1,160)	18,449
At 30 June 2011 (unaudited)	<u>123,314</u>	<u>8,586</u>	<u>73,676</u>	<u>86,769</u>	<u>691</u>	<u>590,829</u>	<u>883,865</u>	<u>333,372</u>	<u>1,217,237</u>

CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	32,105	58,301
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(425,669)	54,046
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	367,949	(15,841)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(25,615)	96,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	225,380	117,604
CASH AND CASH EQUIVALENTS AT END OF PERIOD	199,765	214,110
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCE	1,518,956	1,203,285
Less: Time deposits with original maturity of more than three months when acquired	(1,305,000)	(975,000)
Pledged bank balances	(14,191)	(14,175)
CASH AND CASH EQUIVALENTS	199,765	214,110

Notes:

1. CORPORATE INFORMATION

EVOC Intelligent Technology Company Limited (the “Company”) is a joint stock limited liability company established in the People’s Republic of China (the “PRC”). The address of its registered office and principal place of business is located at EVOC Technology Building, No 31 Gaoxinzongsi Avenue, Nanshan District, Shenzhen, the PRC.

2. PRINCIPAL ACTIVITIES

The Group engages in the research, development, manufacture and distribution of Advanced Process Automation (“APA”) products, trading of electronic accessories and development of properties in Mainland China. 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 condensed consolidated financial statements were unaudited. The condensed consolidated financial statements have been reviewed by the audit committee of the Company.

The Company was established in the PRC on 18 December 2000 as a joint stock limited company under the PRC’s Company Law and its H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “GEM”) on 10 October 2003. The Company transferred from the GEM to the Main Board of the Stock Exchange on 12 July 2010.

The Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011. They have been prepared under the historical cost convention, as modified for the revaluation of buildings and investment properties.

The Group has adopted the standards, amendment and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2012. The adoption of such standards, amendment and interpretations did not have material effect on these results.

4. TURNOVER AND OTHER INCOME

Turnover represents the invoiced value of goods sold and services provided to customers, net of estimated customer returns, rebates and other similar allowances and excludes value added tax.

	Six months ended 30 June	
	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (Unaudited)
Turnover		
Sales of APA products	295,468	286,133
Sales of electronic accessories	260,570	261,086
	<u>556,038</u>	<u>547,219</u>
Other income		
Bank interest income	9,153	7,611
Value-added tax (“VAT”) concession	5,420	1,136
Gross rentals from investment properties	16,595	14,648
Less: direct operating expenses (including repairs and maintenance) arising on rental income from investment properties	(2,905)	(8,403)
	13,690	6,245
Government subsidies	3,387	1,905
Sub-contracting income	2,188	6,135
Foreign exchange differences, net	(329)	(905)
	<u>33,509</u>	<u>22,127</u>
	<u>589,547</u>	<u>569,346</u>

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (Unaudited)
Cost of inventories recognised as an expense	464,417	451,057
Depreciation of property, plant and equipment	12,483	11,681
Amortisation of prepaid land leases payment	631	2,199
Loss on disposal of property, plant and equipment, net	252	45
Impairment loss/(reversal of impairment loss) on trade receivables	251	(109)
Minimum lease payments under operating leases	4,086	4,940
Research and development costs	24,046	29,452
Staff costs (including directors’ emoluments):		
Wages, salaries, bonus and allowances	43,523	36,533
Contributions to retirement benefits schemes	3,964	3,557
	<u>3,964</u>	<u>3,557</u>

6. INCOME TAX

In accordance with the PRC Enterprise Income Tax Law effective from 1 January 2008, certain of the Company's subsidiaries established in the PRC are exempted from income tax for two years starting from their first profit making year after utilisation of tax losses brought forward are entitled to 50% relief on the income tax in the following three years. Certain subsidiaries are still entitled to preferential tax treatments and gradually be subject to the new tax rate over a five-year transitional period to 2012. These subsidiaries are subject to income tax rates ranging from 12.5% to 25% (2011: 11% to 25%) during the reporting period.

Certain subsidiaries of the Company which have been approved as new and high technology enterprise are entitled to a concessionary tax rate of 15%. These subsidiaries need to re-apply for the preferential tax treatment when the preferential tax period expires.

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits during the reporting period. No Hong Kong profits tax has been provided for the six months ended 30 June 2012 and 2011 as there were no estimated assessable profits arose for both periods.

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2012 (2011: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company for the six months ended 30 June 2012 is based on the unaudited profit for the six months ended 30 June 2012 of approximately RMB25,349,000 (2011: RMB19,609,000) and the weighted average number of domestic and H shares in issue of 1,233,144,000 (2011: 1,233,144,000) during the period.

There was no dilutive potential domestic and H shares in issue during the reporting period, the amount of diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2012 and 2011.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold	Plant and	Furniture,	Vehicles	Construction	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost or valuation:							
As at 1 January 2012	169,982	31,575	29,796	86,381	14,448	366,762	698,944
Additions	—	—	887	2,524	—	59,243	62,654
Disposals	—	—	(40)	(1,435)	—	—	(1,475)
As at 30 June 2012	169,982	31,575	30,643	87,470	14,448	426,005	760,123
Accumulated depreciation:							
As at 1 January 2012	—	29,921	7,802	56,664	10,745	—	105,132
Charge for the period	—	1,505	4,012	5,804	1,162	—	12,483
Written back on disposals	—	—	(25)	(1,198)	—	—	(1,223)
As at 30 June 2012	—	31,426	11,789	61,270	11,907	—	116,392
Carrying amount:							
As at 30 June 2012 (unaudited)	<u>169,982</u>	<u>149</u>	<u>18,854</u>	<u>26,200</u>	<u>2,541</u>	<u>426,005</u>	<u>643,731</u>
As at 31 December 2011 (audited)	<u>169,982</u>	<u>1,654</u>	<u>21,994</u>	<u>29,717</u>	<u>3,703</u>	<u>366,762</u>	<u>593,812</u>

10. INVENTORIES

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Raw materials	35,725	27,885
Work-in-progress	9,430	11,910
Finished goods	47,499	26,885
	<u>92,654</u>	<u>66,680</u>
Less: Allowance for inventories	(5,739)	(5,739)
	<u><u>86,915</u></u>	<u><u>60,941</u></u>

11. TRADE RECEIVABLES

Goods sold to customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranged from 30 days to 90 days, extending up to 180 days for major customers. Each customer has a maximum credit limit.

The ageing analysis of gross trade receivables at the end of reporting period, based on the invoice date, is as follows:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
0 to 90 days	126,955	128,574
91 to 180 days	10,714	9,938
181 to 365 days	7,707	3,756
Over 1 year	4,632	1,762
	<u>150,008</u>	<u>144,030</u>
Less: Allowance for impairment losses	(1,239)	(988)
	<u><u>148,769</u></u>	<u><u>143,042</u></u>

12. TRADE PAYABLES

The following is the ageing analysis of trade payables:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
0 to 90 days	124,889	114,297
91 to 180 days	2,380	16,980
181 to 365 days	6,652	1,331
Over 1 year	1,777	878
	<u>135,698</u>	<u>133,486</u>

13. BANK BORROWINGS

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Secured bank borrowings	<u>1,409,318</u>	<u>1,011,873</u>
At the end of reporting period, total bank borrowings were scheduled to be repaid as follows:		
On demand or within one year	<u>800,000</u>	519,000
After one year but within two years	140,000	166,000
After two years but within five years	<u>469,318</u>	<u>326,873</u>
	<u>609,318</u>	492,873
	<u>1,409,318</u>	<u>1,011,873</u>

14. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
Registered, issued and fully paid:		
At 1 January 2011, 31 December 2011 and 30 June 2012	<u>1,233,144,000</u>	<u>123,314</u>
Of which:		
Domestic Shares of RMB0.1 each	924,792,000	92,479
Overseas listed H Shares of RMB0.1 each	<u>308,352,000</u>	<u>30,835</u>
	<u>1,233,144,000</u>	<u>123,314</u>

Domestic shares and overseas listed H shares are both ordinary shares of the Company. However, overseas listed H shares may only be subscribed for by, and traded in Hong Kong dollars between legal and natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC whereas domestic shares may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in Renminbi. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

15. CAPITAL COMMITMENT

As at 30 June 2012, the Group had authorised but not contracted for and contracted but not provided for were approximately RMB602.4 million (2011: RMB665.4 million) and RMB629.3 million (2011: RMB543.1 million) respectively, in respect of construction of a service outsourcing centre in Wuxi, the PRC, construction of production plants, office and research and development building and staff quarters in Guangming, Shenzhen, the PRC.

16. FOREIGN EXCHANGE RISKS

Since most of the transactions of the Group were denominated in Renminbi, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the period under review.

17. RELATED PARTY TRANSACTION

During the period under review, the Group did not have any material related party transactions.

18. CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any significant contingent liabilities.

19. RESERVES

Movements of the reserves for the six months ended 30 June 2012 and 2011 are shown in the condensed consolidated statement of changes in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2012, the Group reported an unaudited revenue of approximately RMB556.0 million (2011: RMB547.2 million), representing an increase of 2% as compared with the same period of last year, which was slightly increase in APA products business.

Gross Profit

For the six months ended 30 June 2012, the gross profit margin was approximately 16.0% as compared to 17.6% of the same period of last year. The decrease in gross profit margin was mainly due to slightly cost rising in raw materials and parts components.

Profit for the Period

For the six months ended 30 June 2012, the Group recorded an unaudited net profit of approximately RMB23.3 million (2011: RMB18.4 million), representing an increase of 26.6% as compared with the same period of last year. The increase was mainly due to increase in value-added tax concessions.

Liquidity, Financial Resources and Gearing ratio

As at 30 June 2012, the Group had shareholders' funds/net assets of approximately RMB1,327 million. It mainly comprised bank balances which amounted to approximately RMB1,519 million, inventories of approximately RMB87 million and trade and bills receivables amounted to approximately RMB207 million. Long-term bank borrowings amounted to RMB609 million. Current liabilities of the Group mainly comprised bank borrowings of RMB800 million, trade and bills payable of approximately RMB140 million and other payables and accruals of RMB357 million. Net assets value per share of the Group is approximately RMB1.08.

As at 30 June 2012, the gearing ratio of the Group is about 60.5 % (31 December 2011: 54.4%). It is defined as the Group's total liabilities over the total assets.

Pledge of Assets

At 30 June 2012, the Group has pledged certain of its property, plant and equipment, investment properties, lease prepayments and construction in progress having a total carrying amount of approximately RMB863.0 million (31 December 2011: RMB876.2 million) as security for bank loans and general banking facilities granted to the Group. Except the above, there are no other charges on the Groups assets.

Employee Information

As at 30 June 2012, the Company had 1,361 full time employees and the total remuneration for the period was approximately RMB43.5 million (30 June 2011: RMB36.5 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.

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.

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 people.

The Group offers 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, amidst the international environment with substantial fluctuations and lower-than-expected growth of the global economy, China has maintained a steady development. The growth pace of the production of information industry continued to rebound, while investment in infrastructure focusing on energy (safety control of coal mines), transportation (railway transportation control), environmental protection (pollution sources monitoring), as well as the market size for 100-billion level terminal replacement brought by 3G mobile communication also maintain rapid growth, thereby providing the Company with a more extensive market and development opportunity.

Research & Development and Products

During the period under review, the Company introduced a reliability management platform and conducted its life-cycle reliability engineering construction, so as to realise automatic control of its operations ranging from products R&D, design, manufacturing, production and management. Based on the design and R&D of new products, it also established a basic workflow for product reliability and related design specifications.

For the first half of 2012, the Company placed focus on the research and development of new products, including:

1. Grid-specific computer. This product is specially designed for RTU management of substations in the power industry and for smart grid scheduling communication management equipment. As a power industry-specialised product, especially for future digital substations, this product has wider coverage and stronger processing performance, being supportive of more communication modes, as compared to common communication management unit. It can be widely used in RTU management of substations, smart grid scheduling communication managers as well as in the power monitoring system and comprehensive monitoring front-end processor of metro.
2. Urban rail train controller. This product is specially designed for vehicle display equipment. As an important part of the driving control unit of train, it is applied to metro and freight locomotive displaying the driving conditions or the situation inside. It has been successfully used in railways, locomotives, large-scale road maintenance machinery and equipment, as well as various urban rail trains such as metro, light rail and monorail vehicles.

3. Rugged portable computer. This product is a high-performance rugged portable computer specifically developed for certain industries. With outstanding reliability and environmental adaptability, it can be widely used in demanding applications.
4. High-performance network security machine. This product is designed to have rich network functionality, high-performance computing and high-speed storage function, and thereby it manages to meet the hardware requirements for a variety of network service applications such as high-end firewall, next-generation high-performance firewall, server and link load balancing, advanced enterprise-class safety shield, and mobile communication security.
5. Special machine for railway temperature detection system. This product is able to work under strong vibration and impact, reflecting its high reliability, and hence it satisfies the application requirements for a railway temperature detection system.

During the period, the Company co-established the “joint laboratory of embedded technology” with Beijing University of Technology, Beihang University and Tibet University and jointly held the “Production-Study-Research Exchange Meeting”, including the “Development Workshop for Open CL Parallel Programme” and the “Excellent Engineer Training Programme”. The Company enhanced its overall R&D strength through cooperation with Chinese colleges to jointly submit projects for approval and carry out research projects at horizontal level.

Product Categories

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

	Turnover			
	Six months ended 30 June			
	2012		2011	
	(Unaudited)		(Unaudited)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Board-type APA	168,257	30.3	162,994	29.8
Chassis-type APA	118,430	21.3	113,386	20.7
Remote data modules	8,781	1.6	9,753	1.8
APA products	295,468	53.1	286,133	52.3
Auxiliary services business	260,570	46.9	261,086	47.7
Total	556,038	100	547,219	100

Marketing and Brand

During the period under review, the Company operated on the sales model with its focus on direct sales and support by agents and enhanced customers’ understanding towards our products and technology on a basis of learning marketing by organising industrial application seminars, experience exchange meetings for users, on one hand. On the other hand, the Company strengthened public recognition of the “EVOC” brand and the influence and attractiveness of its products to the market through mounting marketing efforts including organising industrial exhibitions and advertising on media. During the period under review, the Company independently held the “Core Technology-2012 EVOC New Product Technology Application Forum” in 8 Chinese cities featuring distinctive

industries, in order to strengthen its technological exchange and cooperation with industry partners. At the same time, it also participated in the following exhibitions and technical exchange meetings in China:

1. “Exchange Meeting for the Development of Computing Platform Structure for Railway Transportation Terminal” in Beijing, China;
2. “10th China Chongqing Hi-Tech Fair & the 6th China International Exhibition of Military & Civil Technologies (“CCHTF & CIEMCT”) in Chongqing, China;
3. “Embedded World Exhibition & Conference” Nuremberg, Germany;
4. “ESC Silicon Valley 2012” in California, US; and
5. “2012 Automation World” in South Korea.

During the period, the Company ranked first in the IPC class of the “Most Influential Brand in the Automation Industry 2011”. After careful selection by Judging Committee of Chinese Institute of Electronics, the project titled *Key Technology Research and Application of Rugged Portable PC* submitted by the Company won the “2011 Electronic Information Science and Technology Award”. At the China Automation Industry Annual Conference 2012 organised by the Chinese Association of Automation (CAA), i.e., the award ceremony in the subject of “Leading Enterprises Promote China”, the Company’s research paper titled *Design and Application of Compact PCI Hot Plugging System* was selected by experts and users as one of the “Top 10 Research Papers of the year”.

Outlook and Prospect

During the period for China’s Twelfth Five-Year Plan, Chinese government has vigorously supported the transformation and upgrading of the national economy, the cultivation and development of strategic emerging industries, thus raising certain new and higher requirements for equipment manufacturing industry on its progress of going green, intelligent and service-oriented while creating a massive demand space in the market. In the next 5-10 years, the China’s high-end equipment manufacturing industry will usher in the evolvement of important strategic opportunities, and it will become a pillar industry of national economy. At the present stage, the high-end equipment manufacturing industry has been developed primarily in such sectors as rail transportation equipment, intelligent manufacturing equipment, marine engineering equipment, aerospace equipment, satellite and related applications. Our APA products, being a strategic emerging industry within the high-end equipment manufacturing industry, have significantly benefited from China’s Twelfth Five-Year Plan, would probably encounter another golden era of development.

In the global advocate of green environment, the introduction of a series of energy conservation and pollution reduction policies and measures accelerates the pace of structural adjustment of traditional industries in China and significantly influences future direction and development of corporations in the automation sector. The deceleration of growth in economy and investment implies the slowdown in growth of both capital intensive industry and labour intensive industry, which related closely to fixed asset investment.

Amidst the new market condition, the Company will adjust and control productivity and production capacity of the original products, while following the industrial policy and investment policy of the country to pursue business opportunities being created under the cultivation and development of strategic and emerging industries so as to expand the scale of our business and profitability. At the same time, the Company will continue to utilise its competitive advantages and resources proactively while upholding its own brand, technology innovation and the strategy of overseas market to consistently enhance our own core competitiveness as well as establish and consolidate our leading status in the application and development of APA in China.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Corporate Governance Practices

The Company has complied throughout the period under review with the code provisions set out in the Code on Corporate Governance (the “Code”) contained in Appendix 14 of the Listing Rules without any deviation. None of the Directors is aware of any information that would reasonably suggest that the Company is not or was not in compliance with the Code at any time during the period under review.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding Directors’ securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the period from 1 January 2012 to 30 June 2012.

Audit Committee

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Ling Chun Kwok, Mr. Wang Zhao Hui and Mr. An Jian. Mr. Ling Chun Kwok is the chairman of the audit committee. Written terms of reference of the audit committee which comply with the code provisions set out in the Code has been adopted by the Board. The audit committee is responsible for reviewing and supervising the Group’s financial reporting process and internal control system and providing advice and recommendations to the Board of Directors. The committee met in a semi-annual basis and the review covers the findings of internal auditors, internal controls, risk management and financial reporting matters. The audit committee has discussed with the management and reviewed the interim results of the Group for the six months ended 30 June 2012.

Remuneration Committee

The remuneration committee of the Company comprises one executive director, Mr. Zhu Jun. and two independent non-executive directors. Mr. Wang Zhao Hui and Mr. An Jian. Mr. Wang Zhao Hui is the chairman of the remuneration committee. Written terms of reference of the remuneration committee which comply with the code provisions set out in the Code has been adopted by the Board. The remuneration committee is principally responsible for formulating the Group’s policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board. The remuneration committee held one meeting during the period under review.

Nomination Committee

The nomination committee of the Company comprises one executive director Mr Chen Zhi Lie, and two independent non-executive directors, Mr. Wang Zhao Hui and Ms. Dai Lin Ying. Mr Chen Zhi Lie is the chairman of the nomination committee. The nomination committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become the members of the Board and also reviewing the structure, size and composition of the Board on a regular basis and as required.

Directors' and Supervisors' Interests in the Shares, Underlying Shares and Debentures

As at 30 June 2012, the interest and short positions of the Directors, supervisors (the "Supervisors") and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the required standard of dealings by Directors as set out to in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange, 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	878,552,400 (Note 1)	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	46,239,600 (Note 2)	Domestic Shares	5.00%	3.75%

Notes:

1. These Domestic Shares are held by EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) which is owned as to 70.5% by Mr. Chen Zhi Lie (陳志列) ("Mr. Chen") and 29.5% by Ms. Wang Rong (王蓉), spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in EVOC Hi-Tech. Holding Group Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by EVOC Hi-Tech. Holding Group 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 100% by Mr. Chen Zhi Lie (陳志列), an executive Director. By virtue of Mr. Chen Zhi Lie (陳志列) holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen Zhi Lie (陳志列) 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)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Interest of spouse	70.5% 29.5%
Wang Rong (王蓉)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Interest of spouse	29.5% 70.5%

Note:

Ms. Wang Rong (王蓉) is the spouse of Mr. Chen Zhi Lie (陳志列) 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 2012, 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
EVOC Hi-Tech. Holding Group Co., Ltd. (Note 1)	Registered and beneficial owner of the Domestic Shares	878,552,400	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列) (Note 1)	Interest of a controlled corporation	878,552,400	Domestic Shares	95.00%	71.25%
Shenzhen Haoxuntong Industry Co., Ltd. (Note 2)	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%
Chen Zhi Lie (陳志列) (Note 2)	Interest of a controlled corporation	46,239,600	Domestic Shares	5.00%	3.75%

Note:

1. Mr. Chen is the beneficial owner of 70.5% interests in EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) and is deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech. Holding Group 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 EVOC Hi-Tech. Holding Group Co., Ltd..
2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 100% by Mr. Chen Zhi Lie (陳志列), an executive Director. By virtue of Mr. Chen Zhi Lie (陳志列) holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen Zhi Lie (陳志列) 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.

Save as disclosed above:

- (i) As at 30 June 2012, 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 are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; 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 2012, 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 Company 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 Purchases Shares

At no time during the period, the directors or supervisors (including their spouse and children under 18 years of age) had any interests 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 2012, the Company has not adopted any share option scheme or granted any option.

Competing Interests

None of the directors, initial management shareholders or any of their respective associates (as defined in the Listing Rules) had any interests in any business which compete or is likely to compete with the business or Group, and none of them has other conflicts of interest with the Group.

Purchases, Sale or Redemption of Securities

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

Sufficiency of Public Float

According to information of the Company available to the public and to the knowledge of the Board, the Board confirms that the Company has maintained a sufficient public float up to the date of this announcement.

Directors

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. Ling Chun Kwok, Ms. Dai Lin Ying, Mr. Wang Zhao Hui and Mr. An Jian.

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

Shenzhen, PRC, 10 August 2012

The Company's 2012 interim results announcement and interim report are published on the website of the Stock Exchange at (<http://www.hkex.com.hk>) and on the Company's website at (<http://www.evoc.cn>).

* *For identification purpose only*