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: 2308)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2012

Turnover was approximately RMB1,161.8 million representing an increase of approximately 4.6% as compared to 2011.

Profit attributable to owners of the Company amount to approximately RMB93.5 million, representing a decrease of approximately 0.1% as compared to 2011.

Earnings per share were approximately RMB0.076, representing a decrease of approximately 0.1% as compared to RMB0.076 in 2011.

The Board recommended payment of final divided RMB0.01 per share for the year ended 31 December 2012 (2011: Nil).

RESULTS

The Directors are pleased to present the consolidated results of EVOC Intelligent Technology Company Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2012, together with the comparative figures for the corresponding year in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Turnover	*4*	**1,161,761**	1,111,049
Cost of sales		**(970,965)**	(883,191)
Gross profit		**190,796**	227,858
Other income	*4*	**95,325**	68,607
Selling and distribution costs		**(48,534)**	(50,502)
Administrative expenses		**(43,966)**	(47,859)
Other operating expenses		**(53,797)**	(62,640)
Other gains	*5*	**5,026**	12,062
Finance costs		**(49,477)**	(32,830)
Profit before income tax	*6*	**95,373**	114,696
Income tax expense	*7*	**(675)**	(26,303)
Profit for the year		**94,698**	88,393
Other comprehensive income, after tax			
Surplus on revaluation of buildings		**29,874**	15,896
Exchange difference on translating foreign operations		**—**	369
Other comprehensive income for the year, net of tax		**29,874**	16,265
Total comprehensive income for the year		**124,572**	104,658
Profit attributable to:			
— Owners of the Company		**93,453**	93,535
— Non-controlling interests		**1,245**	(5,142)
		94,698	88,393
Total comprehensive income attributable to:			
— Owners of the Company		**110,468**	109,800
— Non-controlling interests		**14,104**	(5,142)
		124,572	104,658
Earnings per share — Basic and diluted *(RMB)*	*9*	**0.076**	0.076

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**774,913**	593,812
Investment properties		**119,033**	95,418
Prepaid land lease payments		**76,074**	57,421
Deferred tax assets		**16,196**	1,302
Total non-current assets		**986,216**	747,953
Current assets			
Inventories		**39,712**	60,941
Properties under development		**917,384**	662,971
Prepaid land lease payments		**1,673**	1,287
Trade receivables	10	**203,942**	143,042
Bills receivable	10	**49,554**	48,572
Other receivables, deposits and prepayments		**42,041**	36,011
Income tax recoverable		**1,179**	130
Cash and bank balances		**1,550,317**	1,160,462
Total current assets		**2,805,802**	2,113,416
Current liabilities			
Trade payables	11	**199,729**	133,486
Bills payable	11	**2,632**	258
Other payables, accruals and receipts in advance		**439,613**	301,350
Bank borrowings		**906,000**	519,000
Income tax payable		**13,582**	13,225
Total current liabilities		**1,561,556**	967,319
Net current assets		**1,244,246**	1,146,097
Total assets less current liabilities		**2,230,462**	1,894,050

	2012	2011
	RMB'000	*RMB'000*
Non-current liabilities		
Bank borrowings	**688,980**	492,873
Deferred tax liabilities	**113,513**	97,731
Total non-current liabilities	**802,493**	590,604
NET ASSETS	**1,427,969**	1,303,446
CAPITAL AND RESERVES		
Share capital	**123,314**	123,314
Reserves	**961,161**	850,742
Equity attributable to owners of the Company	**1,084,475**	974,056
Non-controlling interests	**343,494**	329,390
TOTAL EQUITY	**1,427,969**	1,303,446

Notes:

1. CORPORATE INFORMATION

The Company is a joint stock limited liability company established in the People's Republic of China (the "PRC"). The Group is principally engaged in the research, development, manufacture and distribution of Advanced Process Automation ("APA") products, trading of electronic accessories and development of properties in the PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 January 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures — Transfer of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

The adoption of the new/revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosure set out in these consolidated financial statements.

Amendments to HKFRS 7—Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

Amendments to HKAS 12—Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date.

In respect of the Group's investment properties located in PRC, the Group has determined that these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these properties using the tax rate that would apply as a result of recovering their value through use.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle[2]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendment to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

The improvements made amendments to following standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's consolidated financial statements.

3. **SEGMENT INFORMATION**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the "CODM") that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— Research, development, manufacturing and distribution of APA products and trading of electronic accessories

— Property development

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Corporate expenses, corporate assets and corporate liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' profit, segments' assets and segments' liabilities that are used by the CODM for assessment of segment performance.

For the year ended 31 December 2012

	APA products and electronic accessories *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
External revenue	**1,161,761**	**—**	**1,161,761**
Reportable segment profit/(loss)	**59,823**	**(11,625)**	**48,198**
Interest income	**38,960**	**262**	**39,222**
Depreciation and amortisation	**(21,779)**	**(2,060)**	**(23,839)**
Impairment loss on trade receivables	**(1,484)**	**—**	**(1,484)**
Impairment loss on inventories	**(5,709)**	**—**	**(5,709)**
Reportable segment assets	**2,061,319**	**1,009,436**	**3,070,755**
Additions to non-current assets	**428,140**	**35**	**428,175**
Reportable segment liabilities	**(1,250,121)**	**(691,853)**	**(1,941,974)**

For the year ended 31 December 2011

	APA products and electronic accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
External revenue	1,111,049	—	1,111,049
Reportable segment profit/(loss)	80,903	(10,782)	70,121
Interest income	26,769	217	26,986
Depreciation and amortisation	(30,367)	(243)	(30,610)
Reversal of impairment on trade receivables	3,802	—	3,802
Reversal of impairment on inventories	725	—	725
Reportable segment assets	1,647,713	692,624	2,340,337
Additions to non-current assets	746,598	50	746,648
Reportable segment liabilities	(920,155)	(409,260)	(1,329,415)

Notes:

(a) The following is an analysis of Group's revenue from its major customers which represent 10% or more of the Group's revenues during the year and is attributable to the reportable segment of "research and development, manufacturing and distribution of APA products and trading of electronic accessories":

	2012	2011
	RMB'000	*RMB'000*
Customer A	**N/A**	271,543
Customer B	**N/A**	127,750

In 2012, the revenue from either Customer A or Customer B does not contribute 10% or more of the Group's revenue.

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

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated revenue	**1,161,761**	1,111,049

	2012	2011
Profit before income tax	***RMB'000***	*RMB'000*
Reportable segment profit	**48,198**	70,121
Other income	**95,325**	68,607
Other gains	**5,026**	12,062
Unallocated corporate expenses	**(3,699)**	(3,264)
Finance costs	**(49,477)**	(32,830)
Profit before income tax	**95,373**	114,696

	2012	2011
Reportable segment assets	***RMB'000***	*RMB'000*
Reportable segment assets	**3,070,755**	2,340,337
Income tax recoverable	**1,179**	130
Deferred tax assets	**16,196**	1,302
Unallocated corporate assets	**703,888**	519,600
Consolidated total assets	**3,792,018**	2,861,369

	2012	2011
Reportable segment liabilities	***RMB'000***	*RMB'000*
Reportable segment liabilities	**1,941,974**	1,329,415
Bank borrowings	**294,980**	117,552
Deferred tax liabilities	**113,513**	97,731
Tax payables	**13,582**	13,225
Consolidated total liabilities	**2,364,049**	1,557,923

(c) **Geographic information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**5**	763	**—**	3
PRC (place of domicile)	**1,161,756**	1,110,286	**970,020**	746,648
	1,161,761	1,111,049	**970,020**	746,651

4. TURNOVER AND OTHER INCOME

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

	2012	2011
	RMB'000	*RMB'000*
Turnover		
Sales of APA products	**604,188**	572,456
Sales of electronic accessories	**557,573**	538,593
	1,161,761	1,111,049
Other income		
Bank interest income	**39,222**	26,986
Value-added tax ("VAT") concessions *(note (a))*	**10,207**	7,207
Gross rentals from investment properties	**36,999**	32,783
Less: direct operating expenses (including repairs and maintenance) arising from leasing of investment properties	**(11,783)**	(12,849)
	25,216	19,934
Government subsidies *(note (b))*	**11,928**	4,052
Sub-contracting income	**1,175**	2,420
Sundry income	**7,577**	8,008
	95,325	68,607
	1,257,086	1,179,656

(a) VAT refunds were obtained from local tax authority in respect of sales of approved software and integrated circuit products.

(b) Financial incentives were granted by the PRC government for development of high-technology products.

5. OTHER GAINS

	2012	2011
	RMB'000	*RMB'000*
Fair value gain on investment properties	**5,026**	11,903
Gain on disposal of a subsidiary	**—**	159
	5,026	12,062

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2012	2011
	RMB'000	*RMB'000*
Auditor's remuneration	**851**	760
Cost of inventories recognised as an expense *(note (a))*	**970,965**	883,191
Depreciation of property, plant and equipment	**22,448**	29,347
Amortisation of prepaid land lease payments	**1,391**	1,263
Foreign exchange differences, net	**2**	(32)
Loss on disposal of property, plant and equipment	**743**	430
Impairment loss/(reversal of impairment) on trade receivables	**1,484**	(3,802)
Impairment loss/(reversal of impairment) on inventories	**5,709**	(725)
Minimum lease payments under operating leases	**9,714**	8,785
Research and development costs *(note (b))*	**45,461**	51,602
Staff costs (including directors' emoluments):		
Wages, Salaries, bonus and allowance	**81,202**	80,826
Contributions to retirement benefits schemes	**6,669**	6,834
	87,871	87,660

Notes:

(a) Cost of inventories sold includes staff costs and depreciation of RMB26,351,000 (2011: RMB28,695,000) and RMB5,730,000 (2011: RMB7,218,000) respectively, which are also included in the total amounts disclosed above for each of these types of expenses.

(b) Research and development costs exclude depreciation charge of RMB3,413,000 (2011: RMB4,426,000).

7. INCOME TAX EXPENSE

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2012	2011
	RMB'000	*RMB'000*
Current tax — PRC		
Provision for the year	**12,381**	14,846
Over-provision in respect of prior year	**(3,015)**	(39)
	9,366	14,807
Deferred taxation		
Origination and reversal of temporary differences, net	**(9,204)**	11,496
Change in tax rate	**513**	—
	(8,691)	11,496
Income tax expense	**675**	26,303

In accordance with the PRC Enterprise Income Tax Law, the PRC Enterprise Income Tax (the "EIT") is calculated at 25% on the estimated assessable profit for the year. 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 and are entitled to 50% relief on the income tax in the following three years. These subsidiaries are subject to income tax rates ranging from 12.5% to 25% (2011: 12.5% 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 years ended 31 December 2012 and 2011 as there were no estimated assessable profits arose for both years.

8. DIVIDENDS

The Board of directors recommended the payment of final dividend RMB0.01 per share for the year ended 31 December 2012 (2011: Nil).

The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting and the arrangement for closure of register of members will be separately announced.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012	2011
Profit for the year attributable to the owners of the Company for the purpose of earnings per share calculation *(RMB'000)*	**93,453**	93,535
Weighted average number of domestic and H shares in issue	**1,233,144,000**	1,233,144,000
Basic earnings per share *(RMB)*	**0.076**	0.076

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 both years.

10. TRADE AND BILLS RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**206,414**	144,030
Allowance for impairment losses	**(2,472)**	(988)
Trade receivables, net	**203,942**	143,042
Bills receivable	**49,554**	48,572
Total	**253,496**	191,614

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 the reporting periods, based on the invoice date, is as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**194,666**	128,574
91 to 180 days	**3,167**	9,938
181 to 365 days	**4,868**	3,756
Over 1 year	**3,713**	1,762
Gross trade receivables	**206,414**	144,030

Bills receivable are with maturity of less than 6 months.

11. TRADE AND BILLS PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**199,729**	133,486
Bills payable	**2,632**	258
	202,361	133,744

The following is the ageing analysis of trade payables:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**195,924**	114,297
91 to 180 days	**637**	16,980
181 to 365 days	**841**	1,331
Over 1 year	**2,327**	878
	199,729	133,486

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Company continued to engage in the research and development, manufacturing and distribution of Advanced Process Automation ("APA") products in China, and worked unswervingly to upgrade and transform Chinese traditional industries to facilitate their development by using information technology, artificial intelligence, digitalisation and automation.

As the sole member of INTEL ICA among APA manufacturers in Mainland China, and being the world's first premium partner with Microsoft in the embedded technology field since the end of 2011, the Company possesses the qualification of simultaneous research and development and production of chip products, and thus manages to rapidly provide innovative solutions to foster market development. With the establishment of a strategic cooperative relationship with the Institute of Computing Technology of the Chinese Academy of Sciences on the application of embedded technology, the Company has the dominance in deciding the formulation of national standards for the Chinese APA industry. The "EVOC" trademark of the Company was identified as "Famous Trademark of China" by the State Administration for Industry and Commerce, which is also the first famous trademark obtained by APA enterprise in China. The trademark enhanced the international influence for the "EVOC" trademark of the Company, and the effective protection of its proprietary intellectual property rights and trademark brands, thereby significantly enhancing its overall competitive edges.

During the period, amidst the international environment with substantial fluctuations and lower-than-expected growth of the global economy, China has maintained a steady growth. 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 maintained rapid growth, thereby providing the Company with a more extensive market and development opportunity. The Company has enhanced its market competitiveness via re-integration of its internal management system and structural adjustment, thereby achieving relatively satisfactory operating results during the period under review.

During the period, the Company acquired 49% of equity interests in Wuxi SHIOC International Outsourcing Industry Development Company Limited (formerly known as 無錫市江南大世界投資發展有限公司 (Wuxi Jiang Nan Da Shi Jie Investment Development Company Limited), hereunder "Wuxi Company") at a consideration of RMB319 million. Upon the completion of the acquisition, the Company holds all issued share capital of Wuxi Company, which becomes the wholly owned subsidiary of the Company. Wuxi Company engages in the construction and operation of service sub-contracting base projects. Currently, some property development projects have been completed, and pre-sale has commenced. The relevant amount will be recognized as revenue when the Company receives the building ownership certificate in the year of 2013.

Upon the completion of the service sub-contracting base project of Wuxi Company, the Company will utilise some properties for its high technology research and development, manufacturing and software outsourcing business. Such act will actively foster the development of the Company's existing business and add new profit growth points, which is in line with its long-term development strategy. Besides, the remaining properties could be used for sales and leasing, which will bring along stable cash flow to the Company for the next few years and boost its overall revenue.

Result of the year

The Group recorded a turnover of RMB1,161.8 million and a profit for the year of RMB94.7 million for the year ended 31 December 2012. The Group's core business and production were stable with a decrease in its profit margin as compared with that of last year due to increase in auxiliary services business with a comparatively low margin. The Group's profit attributable to owners of the Company was RMB93.5 million. The slightly decrease was mainly due to finance costs increased. The Group has continued focusing on research and development on new products and the area of properties development in PRC. The management believes such multi business strategy will have good contribution to the Group in the coming future.

Research & Development

During the period, upholding its core competitive strategies of "applying innovative proprietary capabilities to develop its own brands", the Company has formulated a research and development mechanism facing the preliminary research platform and product design to ensure the evolution of its technology aspects of its product design is based on "preliminary research, design and maturity". 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, the Company also established a basic workflow for product reliability and related design specifications.

In 2012, the Company's spending in R&D accounted for over 3.91% of the total turnover, while co-established the joint laboratory of embedded technology with AMD Company and the Laboratory Institution of Beijing University of Technology in the same period, and thus achieving excellent economic and social effectiveness. During the period under review, 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 to satisfy the application demand of 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.

6. Entertainment server product for aircraft. This product is a server terminal which serves the multi-media entertainment system in aircraft. With modular design, high reliability and easy maintenance, the product possesses a relatively strong competitive edge in the aviation service sector.

During the period under review, the Company co-established the "joint laboratory of embedded technology" with Beijing University of Technology, Beihang University, Tibet University, Xi'an University and Harbin Institute of Technology 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.

During the period under review, the construction of the Company's R&D/interim testing base in Shenzhen, China has been progressing smoothly. Integration works such as equipment installation and testing as well as completion of ancillary works are being carried out, and the R&D/interim testing base is expected to commence operation within 2013, which will be used mainly for the production, R&D and terminal testing of the software and hardware of APA products, and will fully enhance the R&D efficiency of the Company, shorten R&D cycle and expand the production scale, and thus the overall competitive strength of the Company would be enhanced.

Products and Marketing

The Company offers APA products in three series and solutions tailored for a number of industries. The APA products manufactured and sold by us are widely applied in railway transportation, coal mine safety, environmental protection, communications, commerce, industrial sector, finance, energy, military, video frequency control and internet.

During the period, by adopting diversified marketing modes in light of the market trend, the Company has opened up various new marketing channels and greatly developed its dealership network on the basis of its sales model which places focus on direct sales and supported by agents. During the period under review, the Company has selectively developed over 150 authorised dealers in China, and formulated the first telesales mode in the industry by establishing its call marketing center. Meanwhile, the Company also put great efforts on exploring e-commerce, and its online mall will duly open soon.

During the period, the Company adopted a thorough marketing strategy by promoting the latest technology achievements of its products to industrial customers via organizing industrial application seminars, recommendation meetings for users as well as online exchange meetings in the internet. On the other hand, the Company strengthened public recognition of the "EVOC" brand and the influence and attractiveness of "EVOC" to the market through mounting marketing efforts including organising industrial exhibitions and advertising on media.

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. "2012 Embedded Summit-Facilitation of Leaping Development of Internet of Things with Embedded Technology" (2012嵌入式高峰論壇 — 嵌入式技術推動物聯網跨越式發展) in Beijing, China.

4. "Intelligence System: The Next Golden Opportunity Summit" (智能系統:下一個重大機遇高峰論壇) in Beijing, China.

5. "2012 Aviation Equipment Maintenance and Repair Technology Exchange" (2012年航空裝備保障與維修技術交流會) in Yinchuan, China.

6. "New Products and Application of Core Technology Forum" (核技術新品應用論壇) in Harbin, China.

7. "Networking World Congress 2012 and 11th Ethernet World Congress" (網絡世界大會2012暨第十一屆以太網世界大會) in China.

8. "Embedded World Exhibition & Conference" in Nuremberg, Germany.

9. "ESC Silicon Valley 2012" in California, US.

10. "2012 Automation World" in South Korea.

11. "7th AIMEX" (第七屆印度孟買國際自動化展覽會) in Mumbai, India.

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 Compac*t *PCI Hot Plugging System* was selected by experts and users as one of the "Top 10 Research Papers of the year". At the same time, the Company was also conferred the 2012 CCCA (China Cloud Computing Association) "Best Server Provider" award, which represented a great recognition on the Company's strategic achievement of balancing the market and technology mainly based on application solutions with technological experiences accumulated over many years.

Outlook & Prospects

During the period for China's Twelfth Five-Year Plan, Chinese government has vigorously supported the transformation and upgrading of the national economy as well as 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 potential demand in the market. In the next 5–10 years, 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 been benefited from China's Twelfth Five-Year Plan, and would probably encounter another golden era of development.

Meanwhile, 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. On the other hand, high-end equipment manufacturing industry, being technology intensive, will encounter rapid growth.

Amidst the new market condition, the Company will adjust and control the production capacity of the original products, while following the industrial policies and investment policies of China to pursue business opportunities being created under China's 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 and technology innovation strategy 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.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2012, the Group's reported a total revenue of RMB1,161.8 million (2011: RMB1,111.0 million) analysed by product category as follows:

Turnover by product category

Sales of Products	**2012** *RMB'000*	2011 *RMB'000*	Change *Percentage*
Board-type APA	**227,876**	314,618	–27.6%
Chassis-type APA	**369,217**	243,359	+51.7%
Remote data modules	**7,095**	14,479	–51.0%
APA products	**604,188**	572,456	+5.5%
Auxiliary services business	**557,573**	538,593	+3.5%
Total	**1,161,761**	1,111,049	+4.6%

Turnover by Geographical Location

Regions in China	**2012** *RMB'000*	2011 *RMB'000*	Change *Percentage*
South China	**795,640**	762,929	+4.3%
North and Northeast China	**192,318**	183,864	+4.6%
East China	**147,210**	131,568	+11.9%
Southwest China	**3,252**	2,354	+38.1%
Northwest China	**14,556**	17,267	–15.7%
Export sales	**8,785**	13,067	–32.8%
Total	**1,161,761**	1,111,049	+4.6%

During the period under review, the Group's revenue was approximately RMB1,161.8 million, representing a slightly increase of approximately 4.6%.

Cost of sales

Cost of sales increased 9.9% from RMB883.2 million in 2011 to RMB971.0 million in 2012. The increase was mainly due to increase the price of raw materials and labour costs.

Gross Profit

Gross profit in 2012 was approximately RMB190.8 million, a decrease of 16.3% compared to RMB227.9 million in 2011. The decrease in gross profit margin due to increase in auxiliary services business with a comparatively lower margin.

Other Income

Other income increase from RMB68.6 million in 2011 to RMB95.3 million in 2012 mainly attribute to government subsidies and bank interest income.

Selling & Distribution costs

The selling and distribution costs slightly decreased 3.9% from RMB50.5 million in 2011 to RMB48.5 million in 2012 due to decrease in advertising cost.

Administrative Expenses

The administrative expenses decreased 8.1% from RMB47.9 million in 2011 to RMB44.0 million in 2012 due to decrease of administrative staff headcount.

Research & Development costs

The research and development costs decreased 11.9% from RMB51.6 million in 2011 to RMB45.5 million in 2012 due to decreased in material parts consumables and headcount of research and development staff.

Finance Costs

Finance costs increased 50.7% from RMB32.8 million in 2011 to RMB49.5 million in 2012 mainly due to increase in bank borrowings.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company slightly decreased from RMB93.54 million in 2011 to RMB93.45 million in 2012, representing a decrease of approximately 0.1%. The net profit margin has been increased from 8.0% to 8.2%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operation with internally resourced and banking facilities generally by bankers in the PRC. As at 31 December 2012, the Group's gearing ratio had increased to 62.3% (calculated on the basis of the Group's total liabilities over total assets) from 54.4% as at 31 December 2011. At the year end date the Group's total bank borrowings amounted to RMB1,595 million (2011: RMB1,012 million). The Group's cash and bank balances as at 31 December 2012 has increased to RMB1,550 million (2011: RMB1,160 million). The current ratio (calculated on the basis of the Group's current assets over current liabilities) has decreased to 1.80 as at 31 December 2012 (2011: 2.18).

FOREIGN EXCHANGE EXPOSURES

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 year under review.

CONTINGENT LIABILITIES

The Group has no contingent liabilities at 31 December 2012.

CAPITAL COMMITMENTS

As at 31 December 2012, the Group had capital commitments authorised but not contracted for and contracted but not provided for were approximately RMB249.0 million (2011: RMB821.6 million) and RMB299.6 million (2011: RMB282.3 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.

PLEDGE OF ASSETS

At 31 December 2012, the Group has pledged certain of its property, plant and equipment, investment properties, lease prepayments and construction in progress with a total carrying amount of approximately RMB997.3 million (2011: RMB863.0 million) as security for bank borrowings and general banking facilities granted to the Group. Except for the above, there are no other charges on the Group's assets.

EMPLOYEE INFORMATION

As at 31 December 2012, the Group had total workforce of 1,308 (2011: 1,535). Employee benefit during the year was RMB87.9 million.

The Group recognises the importance of high caliber and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are mainly in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. 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.

DIRECTORS', SUPERVISORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director, supervisor or controlling shareholder of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

None of the directors, initial management shareholders or their respective associates (as defined in the 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 year.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 31 December 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. The rights and duties of the audit committee comply with the Code Provisions. 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 annual results for the year ended 31 December 2012.

REMUNERATION COMMITTEE

The remuneration committee consists of 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. The remuneration committee has rights and duties consistent with those set out in the Code Provisions. 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 of Directors.

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.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the Company's website at www.evoc.com. The annual report of the Company for the year ended 31 December 2012 will also be published on the aforesaid websites in due course.

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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

APPRECIATION

The Board would like to thank our shareholders, customers, suppliers, bankers and professional advisers for their support of the Group and to extend our appreciation to all our staff for their dedication and contributions throughout the year.

By Order of the Board
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED*
Chen Zhi Lie
Chairman

Shenzhen, the PRC, 28 March 2013

* *For identification purpose only*