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

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

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

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**CHINA HIGH PRECISION AUTOMATION GROUP LIMITED**

**中國高精密自動化集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 591)**

**PROPOSED APPOINTMENT OF AUDITORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the extraordinary general meeting of the Company to be held at Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 24 August 2012, at 10:00 a.m. is set out on page 5 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of China High Precision Automation Group Limited in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

8 August 2012

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## DEFINITIONS

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

“Board”	the board of Directors
“Company”	China High Precision Automation Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 24 August 2012, at 10:00 a.m., or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“KPMG”	KPMG, Certified Public Accountants
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pan-China”	Pan-China (H.K.) CPA Limited, Certified Public Accountants
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



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**中國高精密自動化集團有限公司**

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*Executive Directors:*

Mr. Wong Fun Chung

*(Chairman and Chief Executive Officer)*

Mr. Su Fang Zhong

Mr. Zou Chong

Mr. Cheung Chuen

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Independent Non-executive Directors:*

Mr. Chan Yuk Hiu, Taylor

Mr. Hu Guo Qing

Ms. Ji Qin Zhi

*Principal Place of Business  
in Hong Kong:*

Room 2805

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

8 August 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPOINTMENT OF AUDITORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcements of the Company dated 29 November 2011 and 8 August 2012 regarding the retirement of KPMG as auditors of the Company at the annual general meeting of the Company held on 29 November 2011 and the proposed appointment of Pan-China as the auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the EGM.

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## LETTER FROM THE BOARD

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At the EGM, an ordinary resolution will be proposed to the Shareholders to appoint Pan-China as the auditors of the Company and to authorise the Board to fix their remuneration.

The purpose of this circular is to provide you with the details regarding the proposed appointment of the auditors and notice of the EGM.

### **2. PROPOSED APPOINTMENT OF AUDITORS**

On 29 November 2011, the Board announced that KPMG retired as auditors of the Group with effect from the conclusion of the annual general meeting of the Company held on 29 November 2011 and did not stand for re-appointment as auditors of the Company.

As detailed in the Independent Auditor's Report dated 26 October 2011 to the shareholders of the Company for the year ended 30 June 2011, KPMG issued a disclaimer of opinion in respect of the Group's consolidated financial statements for the year ended 30 June 2011 since there was a limitation in the scope of its work as described under the heading of "Basis for disclaimer of opinion" and KPMG was therefore unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. In such circumstances, KPMG did not stand for re-appointment as auditors of the Company. Save as disclosed as aforesaid, KPMG confirmed that there were no circumstances connected with their retirement which they considered should be brought to the attention of the holders of securities of the Company.

On 8 August 2012, the Board announced the proposed appointment of Pan-China as the auditors of the Company to fill the current vacancy of the auditors in the Company and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of Shareholders at the EGM to be convened in accordance with the articles of association of the Company.

Save as disclosed above, the Board and the Audit Committee of the Company also consider that there are no circumstances in respect of the appointment of the auditors that need to be brought to the attention of the Shareholders.

Further announcement will be made once the appointment of Pan-China as auditors of the Company has been approved by the Shareholders at the EGM.

### **3. EGM**

The notice convening the EGM is set out on page 5 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend and vote in person at the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the EGM. Such form of proxy for use at the EGM is also

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## LETTER FROM THE BOARD

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published on the websites of the Company and the Stock Exchange. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution proposed at the EGM will be voted by way of poll by the Shareholders.

#### **4. RESPONSIBILITY STATEMENT**

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

#### **5. RECOMMENDATION**

The Directors consider that the ordinary resolution to be put before the EGM in relation to the appointment of Pan-China as auditors of the Company is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,  
For and on behalf of the Board  
**China High Precision Automation Group Limited**  
**Wong Fun Chung**  
*Chairman*

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**CHINA HIGH PRECISION AUTOMATION GROUP LIMITED**

**中國高精密自動化集團有限公司**

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**(Stock Code: 591)**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HERE BY GIVEN** that the extraordinary general meeting (“EGM”) of China High Precision Automation Group Limited (“**Company**”) will be held at Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 24 August 2012, at 10:00 a.m. for the following purpose:

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

**ORDINARY RESOLUTION**

1. “**THAT** Pan-China (H.K.) CPA Limited be and is hereby appointed as the auditors of the Company to fill the current vacancy of the auditors in the Company and to hold office until the conclusion of the next annual general meeting of the Company and the board of directors of the Company be and is hereby authorized to fix their remuneration.”

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

Hong Kong, 8 August 2012

**Notes:**

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the EGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

- (3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the EGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.
- (5) As at the date of this notice, Mr. Wong Fun Chung is an executive director of the Company and the chairman of the board of directors of the Company; Mr. Zou Chong, Mr. Su Fang Zhong and Mr. Cheung Chuen are the executive directors of the Company; Dr. Hu Guo Qing, Ms. Ji Qin Zhi and Mr. Chan Yuk Hiu Taylor are the independent non-executive directors of the Company.