



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)**

**INTERIM RESULTS ANNOUNCEMENT**

**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

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*This announcement, for which the directors of EVOC Intelligent Technology Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company (the "Directors"), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **FINANCIAL HIGHLIGHTS**

Revenue of the Group for the six months ended 30 June 2010 was approximately RMB550 million (2009: RMB469 million), representing an increase of approximately 17% as compared with the same period of last year.

Profit attributable to owners of the Company for the six months ended 30 June 2010 amounted to approximately RMB45 million (2009: RMB55 million), representing a decrease of approximately 18% as compared with the same period of last year.

Earnings per share were approximately RMB0.036 (2009: RMB0.045) for the six months ended 30 June 2010.

The Directors do not recommend payment of dividend for the six months ended 30 June 2010 (2009: 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 2010, together with the comparative unaudited results for the corresponding period in 2009, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2010*

		Six months ended 30 June	
		2010	2009
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Turnover	4	550,196	468,627
Cost of sales		<u>(444,760)</u>	<u>(348,400)</u>
Gross profit		105,436	120,227
Other income	5	40,703	42,269
Selling and distribution costs		(19,912)	(24,508)
Administrative expenses		(19,092)	(19,858)
Other operating expenses		(31,133)	(30,088)
Finance costs		<u>(25,618)</u>	<u>(29,976)</u>
Profit before taxation	6	50,384	58,066
Income tax	7	<u>(5,476)</u>	<u>(3,002)</u>
Profit for the period		<u>44,908</u>	<u>55,064</u>
Total comprehensive income attributable to:			
Owners of the parent		44,990	55,288
Minority interests		<u>(82)</u>	<u>(224)</u>
		<u>44,908</u>	<u>55,064</u>
Dividend	8	—	—
Earnings per share — Basic and diluted	9	<u>RMB0.036</u>	<u>RMB0.045</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

		30 June 2010	31 December 2009
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	337,321	303,599
Investment properties		72,175	72,175
Lease prepayments		1,012,987	1,012,989
Goodwill		24,470	24,470
Deferred tax assets		<u>1,232</u>	<u>1,207</u>
		<b><u>1,448,185</u></b>	<b><u>1,414,440</u></b>
<b>Current assets</b>			
Inventories	10	134,636	92,299
Trade receivables	12	167,852	128,200
Bills receivables		28,715	20,922
Income tax receivable		—	25
Lease prepayments		29,904	29,904
Other receivables, deposits and prepayments		28,625	29,442
Cash and cash equivalents		<u>1,299,153</u>	<u>1,317,366</u>
		<b><u>1,688,885</u></b>	<b><u>1,618,158</u></b>
<b>Current liabilities</b>			
Bank borrowings	13	551,000	446,000
Trade payables	14	137,455	84,570
Bills payable		13,837	14,098
Income tax payable		3,861	7,990
Other payables and accruals		<u>294,872</u>	<u>280,802</u>
		<b><u>1,001,025</u></b>	<b><u>833,460</u></b>
<b>Net current assets</b>		<b><u>687,860</u></b>	<b><u>784,698</u></b>
<b>Total assets less current liabilities</b>		<b><u>2,136,045</u></b>	<b><u>2,199,138</u></b>

	<i>Notes</i>	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Bank borrowings	13	<b>468,000</b>	576,000
Deferred tax liabilities		<b>188,513</b>	188,514
		<b>656,513</b>	764,514
<b>Net assets</b>		<b>1,479,532</b>	1,434,624
<b>Equity</b>			
Share capital	15	<b>123,314</b>	123,314
Reserves		<b>721,489</b>	676,498
<b>Equity attributable to owners of the Company</b>		<b>844,803</b>	799,812
<b>Minority interests</b>		<b>634,729</b>	634,812
<b>Total equity</b>		<b>1,479,532</b>	1,434,624

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Properties revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2010	123,314	8,586	63,879	79,920	525	523,588	799,812	634,812	1,434,624
Total comprehensive income for the period	—	—	—	—	—	44,990	44,990	(82)	44,908
At 30 June 2010 (unaudited)	<u>123,314</u>	<u>8,586</u>	<u>63,879</u>	<u>79,920</u>	<u>525</u>	<u>568,578</u>	<u>844,802</u>	<u>634,730</u>	<u>1,479,532</u>
At 1 January 2009	123,314	8,586	64,033	74,398	565	445,421	716,317	650,196	1,366,513
Total comprehensive income for the period	—	—	—	—	—	55,288	55,288	(224)	55,064
At 30 June 2009 (unaudited)	<u>123,314</u>	<u>8,586</u>	<u>64,033</u>	<u>74,398</u>	<u>565</u>	<u>500,709</u>	<u>771,605</u>	<u>649,972</u>	<u>1,421,577</u>

## CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	48,383	37,562
NET CASH OUTFLOW USED IN INVESTING ACTIVITIES	(42,361)	(67,235)
NET CASH (USED IN)/INFLOW GENERATED FROM FINANCING ACTIVITIES	<u>(24,235)</u>	<u>290,130</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(18,213)	260,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,317,366</u>	<u>1,024,017</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,299,153</u></u>	<u><u>1,284,474</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCE	289,153	504,474
TIME DEPOSITS	<u>1,010,000</u>	<u>780,000</u>
	<u><u>1,299,153</u></u>	<u><u>1,284,474</u></u>

Notes:

## **1. CORPORATE INFORMATION**

EVOC Intelligent Technology Company Limited (the “Company”) is a limited liability company registered in the People’s Republic of China (the “PRC”). The registered office and principal place of business of the Company is located at EVOC Technology Building, No.31 Gaoxingzhongsi 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 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 People’s Republic of China (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 2010 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 of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statement for the year ended 31 December 2009. 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 2010. The adoption of such standards, amendment and interpretations did not have material effect on these results.

## **4. SEGMENT INFORMATION AND TURNOVER**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

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

All operating assets and operations of the Group during the periods ended 30 June 2010 and 2009 were substantially located and carried out in the PRC.

The Group’s revenue from external customers is principally derived from its operations in the PRC. The Group’s customer base is diversified and there was one customer (2009: one) with whom transactions have exceeded 10% of the Group’s revenues. Revenues from this customer for the six months ended 30 June 2010 amounted to approximately RMB110,882,000 (2009: RMB78,910,000).

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

## 5. OTHER INCOME

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other operating income (mainly gross rentals from investment properties and sub-contracting income, etc.)	16,986	12,597
Non-operating income (mainly value-added tax concession and government subsidies, etc.)	19,334	18,364
Interest income	4,844	11,508
Foreign exchange differences, net	<u>(461)</u>	<u>(200)</u>
	<u><b>40,703</b></u>	<u><b>42,269</b></u>

## 6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories sold	443,189	348,400
Depreciation	10,438	5,271
Amortisation of land lease prepayments	1,594	63
Research & development costs	24,645	24,735
Minimum lease payments under operating leases in respect of land & buildings	5,077	6,958
Staff costs (including remuneration of directors):		
Salaries, bonus & allowances	37,281	35,049
Retirement benefits scheme contributions	3,457	3,416
Direct operating expenses arising on rental income from investment properties	<u>8,693</u>	<u>4,806</u>

## 7. INCOME TAX

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax (“EIT”) rate of 25% applies to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012. Accordingly, the Company, Shenzhen EVOC Software Technology Company Limited (“Shenzhen EVOC Software”) and Shenzhen EVOC Xinteer Technology Company Limited (“Xinteer”) can continue to enjoy the preferential tax rates during the transitional period. Shenzhen EVOC Software and Xinteer are subject to EIT rate of 22% (2009: 20%) and Shenzhen EVOC Software is entitled to a 50% tax exemption (ie subject to a rate of 11%) in 2010 (2009: 10%).

The Company was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% for 2009 and subject to further approval after the expiry date of 16 December 2011.

In 2009, certain subsidiaries of the Company, namely Beijing EVOC Xingye International Technology Company Limited and Shanghai EVOC Intelligent Technology Company Limited, were approved as new and high technology enterprises and therefore should be entitled to a preferential tax rate of 15% for the period from 1 January 2009 to 31 December 2009, subject to further approval after the expiry date.

On 20 October 2009, Shenzhen EVOC STONE Software Company Limited (“EVOC STONE”) was approved to be exempt from EIT for two years commencing from its first year with assessable profits after deducting the tax losses brought forward, and was entitled to a 50% tax exemption for the next three years.

Other subsidiaries of the Company located in various cities of Mainland China were subject to the statutory EIT rate of 25% on their assessable profits in 2009 and 2010.

Hong Kong EVOC International Technology Company Limited (“HK EVOC”) is subject to Hong Kong profits tax at 16.5% in 2009 and 2010.

EVOC STONE and HK EVOC have not provided for any tax since they have no taxable income for 2010 and 2009.

## 8. DIVIDENDS

The Directors do not recommend the payment of dividend for the six months ended 30 June 2010 (2009: Nil).

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the unaudited profit for the six months ended 30 June 2010 of approximately RMB44,990,000 (2009: RMB55,288,000) and the weighted average number of ordinary shares of 1,233,144,000 (2009: 1,233,144,000) during the period.

As the Company has no dilutive potential shares, the basic and diluted earnings per share for the six months ended 30 June 2010 and 2009 are equal.

## 10. INVENTORIES

	<b>30 June 2010</b>	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Raw materials	<b>46,731</b>	36,895
Work-in-progress	<b>15,142</b>	12,582
Finished goods	<b>77,740</b>	49,700
	<b>139,613</b>	99,177
Less: Impairment loss	<b>4,977</b>	(6,878)
	<b>134,636</b>	92,299

## 11. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost or valuation:							
At 1 January 2010	159,525	37,338	44,027	83,233	14,476	43,286	381,885
Additions	3,949	175	30	2,816	141	40,495	47,606
Disposals	—	(1,312)	—	(2,015)	(119)	—	(3,446)
As at 30 June 2010	<u>163,474</u>	<u>36,201</u>	<u>44,057</u>	<u>84,034</u>	<u>14,498</u>	<u>83,781</u>	<u>426,045</u>
Accumulated depreciation:							
At 1 January 2010	—	19,823	15,072	36,803	6,588	—	78,286
Provided during the period	—	5,796	1,947	2,883	1,259	—	11,885
Disposals	—	(213)	—	(1,127)	(107)	—	(1,447)
As at 30 June 2010	<u>—</u>	<u>25,406</u>	<u>17,019</u>	<u>38,559</u>	<u>7,740</u>	<u>—</u>	<u>88,724</u>
Carrying amount:							
As at 30 June 2010 (unaudited)	<u>163,474</u>	<u>10,795</u>	<u>27,038</u>	<u>45,475</u>	<u>6,758</u>	<u>83,781</u>	<u>337,321</u>
As at 31 December 2009 (audited)	<u>159,525</u>	<u>17,515</u>	<u>28,955</u>	<u>46,430</u>	<u>7,888</u>	<u>43,286</u>	<u>303,599</u>

## 12. TRADE RECEIVABLES

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

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

	<b>30 June 2010 <i>RMB'000</i> (Unaudited)</b>	31 December 2009 <i>RMB'000</i> (Audited)
0 to 90 days	<b>137,094</b>	119,637
91 to 180 days	<b>9,380</b>	2,134
181 to 365 days	<b>18,653</b>	5,869
Over 1 year	<u><b>4,883</b></u>	<u>1,811</u>
Trade receivables	<b>170,010</b>	129,451
Less: Provision for doubtful debts	<u><b>(2,158)</b></u>	<u>(1,251)</u>
	<u><b>167,852</b></u>	<u>128,200</u>

### 13. BANK BORROWINGS

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Bank borrowings are repayable as follows:		
— On demand or within one year	443,000	446,000
— After one year but within two years	400,000	124,000
— After two years but within five years	—	368,000
— After five years	<u>176,000</u>	<u>84,000</u>
	<b><u>1,019,000</u></b>	<b><u>1,022,000</u></b>
Bank loans		
— secured	184,000	192,000
— unsecured	<u>835,000</u>	<u>830,000</u>
	<b><u>1,019,000</u></b>	<b><u>1,022,000</u></b>

### 14. TRADE PAYABLES

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

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
0 to 90 days	134,232	81,014
91 to 180 days	1,112	608
181 to 365 days	937	159
Over 1 year	<u>1,174</u>	<u>2,789</u>
	<b><u>137,455</u></b>	<b><u>84,570</u></b>

### 15. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
Registered:		
At 31 December 2006	1,027,620,000	102,762
Increase during the year	<u>205,524,000</u>	<u>20,552</u>
At 31 December 2009 and 30 June 2010	<b><u>1,233,144,000</u></b>	<b><u>123,314</u></b>
Issued and fully paid	<i>Number of Shares</i>	<i>RMB'000</i>
At 31 December 2006	1,027,620,000	102,762
Capitalisation issue	<u>205,524,000</u>	<u>20,552</u>
At 31 December 2009 and 30 June 2010	<b><u>1,233,144,000</u></b>	<b><u>123,314</u></b>

## **16. CAPITAL COMMITMENT**

As at 30 June 2010, the Group had authorised but not contracted for and contracted but not provided for commitments amounting to approximately RMB272,801,000 (2009: 556,004,000) and RMB384,986,000 (2009: RMB48,144,000) respectively, in respect of construction of a service outsourcing centre in Wuxi, the PRC and construction of production plants, office and research and development building and staff quarters in Guangming, Shenzhen, the PRC.

## **17. 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.

## **18. RELATED PARTY TRANSACTION**

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

## **19. CONTINGENT LIABILITIES**

As at 30 June 2010, the Group did not have any significant contingent liabilities.

## **20. RESERVES**

Movements of the reserves for the six months ended 30 June 2010 and 2009 are shown in the condensed consolidated statement of changes in equity.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

For the six months ended 30 June 2010, the Group reported an unaudited revenue of RMB550,196,000 (2009: RMB468,627,000), representing an increase of 17% as compared with the same period of last year, which was mainly due to the continuous growth of APA products market and auxiliary service business.

#### *Gross Profit*

For the six months ended 30 June 2010, the gross profit margin was 19.2% as compared to 25.7% of the same period of last year. The decrease in gross profit margin was mainly due to increase trading business in auxiliary services business with a comparatively lower margin.

#### *Profit for the Period*

For the six months ended 30 June 2010, the Group recorded an unaudited net profit of RMB45 million (2009: RMB55 million), representing a decrease of 18% as compared with the same period of last year.

### **Liquidity, Financial Resources and Gearing ratio**

As at 30 June 2010, the Group had shareholders' funds/net assets of approximately RMB1,480 million. It mainly comprised bank balances which amounted to approximately RMB1,299 million, inventories of approximately RMB135 million and trade and bills receivables amounted to approximately RMB197 million. Long-term bank borrowings amounted to RMB468 million. Current liabilities of the Group mainly comprised bank borrowings of

RMB551 million, trade and bills payable of approximately RMB151 million and other payable and accruals of RMB295 million. Net assets value per share of the Group is approximately RMB1.20.

As at 30 June 2010, the gearing ratio of the Group is about 53 % (31 December 2009: 53%). It is defined as the Group's total liabilities over the total assets.

### **Pledge of Assets**

At 30 June 2010, 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 RMB309,060,000 (31 December 2009: RMB296,817,000) 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 2010, the Company had 1,845 full time employees and the total remuneration for the period was approximately RMB37.3 million (30 June 2009: RMB35.1 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.

### **Exchange Rate Exposure**

For the period ended 30 June 2010, the Group was not exposed to any significant foreign exchange risk as majority of the Group's main operations are in the PRC and has no significant exposure to any specific foreign currency. Therefore, no hedging or other alternatives have been implemented.

### **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 under review, the production pace of information industry continued to rebound in acceleration on the back of the investment in China since 2009. Given that expenses lagged behind investment in the information industry, the effect driven by the infrastructure investment on the information industry in 2009 will be extended to 2010, while the driving effect of the demand on APA of investment from different industries has begun to differentiate. During the period under review, the upgrading and transformation of the industry will replace infrastructure investment to become the main driver of the demand growth of APA products. In general, the rapid development in the key industries including energy (safety control of coal mines), transportation (railway transportation control), environmental protection (pollution sources monitoring) and 3G communications, etc, brought along new market opportunities and increased the added value of the Group's business gradually.

From April and June 2010, the new products that the Group is focusing on the research and development include:

1. EVOC Patent Mainline Technology Series Computer Products (EVOC 專利總線技術系列整機). This series of computer products is mainly applied in areas such as petrol and fossil fuel refuel control equipment, machinery processing production line control equipment and laser equipment.
2. Multimedia Distribution Machine with low energy consumption and without fan (低功耗無風扇多媒體發佈專用機). This product is mainly used in industries which require high definition broadcasting, such as the demand from high-end advertising equipment, flight display in the airport and the PIS industries of metro.

### Product Categories

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

	<b>Turnover</b>			
	<b>Six months ended 30 June</b>			
	<b>2010</b>		<b>2009</b>	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<b>(unaudited)</b>		<b>(unaudited)</b>	
Board-type APA	<b>170,220</b>	<b>30.9</b>	143,757	30.7
Chassis-type APA	<b>123,674</b>	<b>22.5</b>	111,216	23.7
Remote data modules	<b>7,625</b>	<b>1.4</b>	6,580	1.4
APA products	<b>301,519</b>	<b>54.8</b>	261,553	55.8
Auxiliary services business	<b>248,677</b>	<b>45.2</b>	207,074	44.2
Total	<b>550,196</b>	<b>100</b>	468,627	100

### Marketing and Brand

During the period under review, the Group continues to operate on a marketing strategy and sales model with focusing on direct sales and supplemented by agents, and strengthened its influence in the APA sector and the attractiveness of its products to the market through mounting marketing efforts including advertising in professional media, organising industrial exhibitions and industrial application seminars, etc.

During the period under review, the Group organised the seminar “China EVOC Creation Tournament 2010-Hangzhou” (中國2010研祥創造之旅 — 杭州站) and theme seminars “Shenyang, China-EVOC re-makes non-classical book club” (中國瀋陽 — 研祥再造非經典讀書會) and “2010 — The Pursuit of Emerging Power” (2010 — 尋找騰飛新動力) on its own. At the same time, the Group also participated in the following exhibitions and technology exchange meetings in China:

1. “9th China Hi-Tech Fair and 5th China International Military and Civic Technology Expo” (第九屆高新技術交易會暨第五屆中國國際軍民兩用技術博覽會) in Chongqing, China.
2. “7th Chinese International Defense Electrical Fair” (第七屆中國國際國防電子展) in Beijing, China.
3. “China International Software and Information Service Fair” (軟交會) in Dalian, China.
4. “China Hospital Information Network Fair” (中華醫院信息網絡大會) in Beijing, China.
5. “China Industrial Control Website, Western Industrial Control Website “EVOC makes the metro transportation of World Expo more Convenient”(中國工控網、西部工控網 “研祥讓世博會地鐵交通更便捷”).

From April to June 2010, the Group participated in the following overseas exhibitions:

1. “RTS Embedded Systems” in Paris, France.
2. “ESC SILICON VALLEY” in Silicon Valley U.S.A.
3. “BIAS” in Milan, Italy.
4. “CEBIT AUSTRALIA” in Sydney, Australia.
5. “COMPUTEX” in Taiwan.

## **Outlook and Prospect**

As a developing, innovative and popular industry, APA covers the application of various technical fields including micro-electronic technology, electronic information technology, computer software and hardware, etc. Under the rapid recovery of the global information industry, the scale of the global APA industry continues to maintain gradual growth amidst the rapid development of various application fields, namely consumer electronics, communications and automatic control system.

The advancement of automatic control technology has brought unprecedented impact and changes to daily life. Indeed, automatic control system can be found everywhere and omnipotent in daily life. With the emergence of rapidly developed Internet and new micro-processors, the future automatic control system will be applied in various industries and daily commodities, and completely integrate into and change our daily life. The information construction in China also creates a tremendous demand on APA product market, which highlights a critical turning point for domestic enterprises to transform from “made in China” to “created in China”. The Group 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 expand the scale of our business and profitability 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 2010 to 30 June 2010.

### **Audit Committee**

The Audit Committee is mainly responsible for monitoring the completeness of the Company’s financial statements, reviewing the Company’s internal control system and its execution, through review of work undertaken by the internal and external auditors, evaluating financial information and related disclosures.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ling Chun Kwok, Mr. Wang Zhao Hui and Mr An Jian. Mr. Ling Chun Kwok is the Chairman of the Audit Committee. The Audit Committee held two meeting during the period under review with an attendance rate of 100%.

The Audit Committee has reviewed the Group’s unaudited financial statements and monitored internal control system and its execution for the six months ended 30 June 2010.

### **Remuneration Committee**

The primary duty of the Remuneration Committee is to submit proposals to the Board on the overall remuneration policy and structure in respect of the Directors and members of the senior management of the Company and to determine the specific remuneration for all executive Directors and members of the senior management.

The Remuneration Committee consists of two independent non-executive Directors: Mr. Wang Zhao Hui, and Mr. An Jian and one executive Director, Mr. Zhu Jun. Mr. Zhu Jun is the Chairman of the Remuneration Committee.

The Remuneration Committee held one meeting during the period under review with an attendance rate of 100%.

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

As at 30 June 2010, 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 Shenzhen EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) which is owned as to 70% by Mr. Chen Zhi Lie (陳志列) ("Mr. Chen") and 4.5% by Ms. Wang Rong (王蓉), spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in Shenzhen EVOC Hi-Tech. Holding Group Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen 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)	Shenzhen EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Family	70% 4.5%
Wang Rong (王蓉)	Shenzhen EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Family	4.5% 70%

*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 2010, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

#### *Long positions in shares*

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
Shenzhen 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% interests in Shenzhen 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 Shenzhen 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 Shenzhen 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 2010, 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 2010, 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 2010, the Company has not adopted any share option scheme or granted any option.

### **Competing Interests**

None of the directors, 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.

## **Purchases, Sale or Redemption of Securities**

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

## **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, 12 August 2010

*The Company's 2010 interim results announcement and this interim report are published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the Company's website at [www.evoc.com](http://www.evoc.com).*

\* *For identification purpose only*