



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 REPORT
2011

* for identification purpose only

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2011 was approximately RMB547 million (2010: RMB550 million), representing a decrease of approximately 0.5% as compared with the same period of last year.

Profit attributable to owners of the Company for the six months ended 30 June 2011 amounted to approximately RMB18 million (2010: RMB45 million), representing a decrease of approximately 60% as compared with the same period of last year.

Earnings per share were approximately RMB0.016 (2010: RMB0.036) for the six months ended 30 June 2011.

The Directors do not recommend payment of dividend for the six months ended 30 June 2011 (2010: Nil).

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

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 2011, together with the comparative unaudited results for the corresponding period in 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Turnover	4	547,219	550,196
Cost of sales		(451,057)	(444,760)
Gross profit		96,162	105,436
Other income	5	22,127	32,010
Selling and distribution costs		(21,337)	(19,912)
Administrative expenses		(12,426)	(10,399)
Other operating expenses		(34,490)	(31,133)
Finance costs		(27,994)	(25,618)
Profit before income tax	6	22,042	50,384
Income tax expenses	7	(3,593)	(5,476)
Total comprehensive income for the period		18,449	44,908
Total comprehensive income attributable to:			
Owners of the Company		19,609	44,990
Non-controlling interests		(1,160)	(82)
		18,449	44,908
Earnings per share			
— Basic and diluted	9	RMB0.016	RMB0.036

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	544,188	437,124
Investment properties		95,183	95,183
Payments for leasehold land held for own use under operating leases		428,320	428,320
Deferred tax assets		2,782	2,719
Total non-current assets		1,070,473	963,346
Current assets			
Inventories	10	78,815	36,644
Payments for leasehold land held for own use under operating leases		10,453	12,652
Trade receivables	12	164,326	157,418
Bills receivable		45,707	54,931
Other receivables, deposits and prepayments		43,217	30,906
Income tax receivable		—	64
Cash and bank balances		1,203,285	1,279,692
Total current assets		1,545,803	1,572,307
Current liabilities			
Trade payables	14	125,875	109,038
Bills payable		51,574	18,035
Other payables and accruals		176,679	179,800
Bank borrowings	13	587,000	579,000
Income tax payable		2,703	842
Total current liabilities		943,831	886,715
Net current assets		601,972	685,592
Total assets less current liabilities		1,672,445	1,648,938



	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Non-current liabilities			
Other payables and accruals		5,000	5,000
Bank borrowings	13	367,886	362,828
Deferred tax liabilities		82,322	82,322
Total non-current liabilities		455,208	450,150
NET ASSETS		1,217,237	1,198,788
CAPITAL AND RESERVES			
Share capital	15	123,314	123,314
Reserves		760,551	740,942
Equity attributable to owners of the Company		883,865	864,256
Non-controlling interests		333,372	334,532
TOTAL EQUITY		1,217,237	1,198,788

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Properties revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2011	123,314	8,586	73,676	86,769	691	571,220	864,256	334,532	1,198,788
Profit and total comprehensive income for the period	—	—	—	—	—	19,609	19,609	(1,160)	18,449
At 30 June 2011 (unaudited)	123,314	8,586	73,676	86,769	691	590,829	883,865	333,372	1,217,237
At 1 January 2010	123,314	8,586	63,879	79,920	525	523,588	799,812	634,812	1,434,624
Profit and total comprehensive income for the period	—	—	—	—	—	44,990	44,990	(82)	44,908
At 30 June 2010 (unaudited)	123,314	8,586	63,879	79,920	525	568,578	844,802	634,730	1,479,532



CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	58,301	48,383
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	54,046	(158,147)
NET CASH USED IN FINANCING ACTIVITIES	(15,841)	(24,235)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	96,506	(133,999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	117,604	407,337
CASH AND CASH EQUIVALENTS AT END OF PERIOD	214,110	273,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS: CASH AND BANK BALANCE	1,203,285	1,299,153
Less: Time deposits with original maturity of more than three months when acquired	(975,000)	(1,010,000)
Pledged bank balances	(14,175)	(15,815)
CASH AND CASH EQUIVALENTS	214,110	273,338

Notes:

1. CORPORATE INFORMATION

EVOC Intelligent Technology Company Limited (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC"). The address of its registered office and principal place of business is located at EVOC Technology Building, No. 31 Gaoxinzhongsi 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 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 2011 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. 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 2011. 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.

During the years ended 31 December 2010 and 2009, the Group principally operated in one reportable business segment only, which is the research, development, manufacture and distribution of APA products. All operating assets and business activities of the Group were located and conducted predominantly 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 only one external customer (2010: one) with whom transactions have exceeded 10% of the Group's revenues. Revenues from this customer for the six months ended 30 June 2011 amounted to approximately RMB86,456,000 (2010: RMB110,882,000).

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

5. OTHER INCOME

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Sub-contracting income	6,135	3,718
Gross rentals from investment properties	14,648	13,268
Less: direct operating expenses (including repairs and maintenance) arising on rental income from investment properties	(8,403)	(8,693)
	6,245	4,575
Non-operating income (mainly value-added tax concession and government subsidies, etc.)	3,041	19,334
Interest income	7,611	4,844
Foreign exchange differences, net	(905)	(461)
	22,127	32,010

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Cost of inventories recognised as an expenses	451,057	444,760
Depreciation of property, plant and equipment	11,681	10,438
Amortisation of payments for leasehold land held for own use under operating leases	2,199	1,594
Loss on disposal of property, plant and equipment, net (Reversal of impairment loss)/impairment loss on trade receivables	45 (109)	542 907
Minimum lease payments under operating leases	4,940	5,077
Research and development costs	29,452	24,645
Staff costs (including directors' emoluments):		
Wages, salaries, bonus and allowances	36,533	37,281
Contributions to retirement benefits schemes	3,557	3,457

7. INCOME TAX

In accordance with the PRC Enterprise Income Tax Law effective from 1 January 2008, certain of the Company's subsidiaries established in the PRC are exempted from income tax for two years starting from their first profit making year after utilisation of tax losses brought forward are entitled to 50% relief on the income tax in the following three years. Certain subsidiaries are still entitled to preferential tax treatments and gradually be subject to the new tax rate over a five-year transitional period to 2012. These subsidiaries are subject to income tax rates ranging from 11% to 25% (2010: 10% 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% (2010: 16.5%) on the estimated assessable profits during the reporting period. No Hong Kong profits tax has been provided for the six months ended 30 June 2011 and 2010 as there were no estimated assessable profits arose for both periods.

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2011 (2010: Nil).



9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company for the six months ended 30 June 2011 is based on the unaudited profit for the six months ended 30 June 2011 of approximately RMB19,609,000 (2010: RMB44,990,000) and the weighted average number of domestic and H shares in issue of 1,233,144,000 (2010: 1,233,144,000) during the period.

There was no dilutive potential domestic and H shares in issue during the reporting period, the amount of diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2011 and 2010.

10. INVENTORIES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Raw materials	36,216	176
Work-in-progress	12,156	265
Finished goods	36,907	42,667
	85,279	43,108
Less: Allowance for inventories	(6,464)	(6,464)
	78,815	36,644

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost or valuation:							
As at 1 January 2011	140,917	31,675	20,299	74,340	13,962	236,497	517,690
Additions	—	—	9,497	5,963	521	102,925	118,906
Disposals	—	(61)	—	(515)	(230)	—	(806)
As at 30 June 2011	140,917	31,614	29,796	79,788	14,253	339,422	635,790
Accumulated depreciation:							
As at 1 January 2011	—	24,314	4,764	42,921	8,567	—	80,566
Charge for the period	—	6,045	1,608	2,802	1,226	—	11,681
Written back on disposals	—	(61)	—	(377)	(207)	—	(645)
As at 30 June 2011	—	30,298	6,372	45,346	9,586	—	91,602
Carrying amount:							
As at 30 June 2011 (unaudited)	140,917	1,316	23,424	34,442	4,667	339,422	544,188
As at 31 December 2010 (audited)	140,917	7,361	15,535	31,419	5,395	236,497	437,124

12. TRADE RECEIVABLES

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

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0 to 90 days	130,957	139,840
91 to 180 days	11,452	14,651
181 to 365 days	20,842	2,547
Over 1 year	5,756	5,170
Gross trade receivables	169,007	162,208
Less: Allowance for impairment losses	(4,681)	(4,790)
	164,326	157,418

13. BANK BORROWINGS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Secured bank borrowings	954,886	941,828
At the end of reporting period, total bank borrowings were scheduled to be repaid as follows:		
On demand or within one year	587,000	579,000
After one year but within two years	203,886	192,000
After two years but within five years	—	170,828
After five years	164,000	—
	367,886	362,828
	954,886	941,828

14. TRADE PAYABLES

The following is the ageing analysis of trade payables:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0 to 90 days	119,098	107,552
91 to 180 days	4,992	750
181 to 365 days	300	14
Over 1 year	1,485	722
	125,875	109,038

15. SHARE CAPITAL

	Number of shares	RMB'000
Registered, issued and fully paid:		
At 1 January 2010, 31 December 2010 and 30 June 2011	1,233,144,000	123,314
Of which:		
Domestic Shares of RMB0.1 each	924,792,000	92,479
Overseas listed H Shares of RMB0.1 each	308,352,000	30,835
	1,233,144,000	123,314

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

16. CAPITAL COMMITMENT

As at 30 June 2011, the Group had authorised but not contracted for and contracted but not provided for commitments amounting to approximately RMB665,434,000 (2010: RMB272,801,000) and RMB543,115,000 (2010: RMB384,986,000) 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 2011, the Group did not have any significant contingent liabilities.

20. RESERVES

Movements of the reserves for the six months ended 30 June 2011 and 2010 are shown in the condensed consolidated statement of changes in equity.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2011, the Group reported an unaudited revenue of RMB547,219,000 (2010: RMB550,196,000), representing a decrease of 0.5% as compared with the same period of last year, which was slightly decrease in APA products business.

Gross Profit

For the six months ended 30 June 2011, the gross profit margin was 17.6% as compared to 19.2% 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 2011, the Group recorded an unaudited net profit of RMB18 million (2010: RMB45 million), representing a decrease of 60% as compared with the same period of last year. The decrease was mainly due to decrease in value-added tax concessions and increase in selling and distribution costs and research and development expenses.

Liquidity, Financial Resources and Gearing ratio

As at 30 June 2011, the Group had shareholders' funds/net assets of approximately RMB1,217 million. It mainly comprised bank balances which amounted to approximately RMB1,203 million, inventories of approximately RMB79 million and trade and bills receivables amounted to approximately RMB210 million. Long-term bank borrowings amounted to RMB368 million. Current liabilities of the Group mainly comprised bank borrowings of RMB587 million, trade and bills payable of approximately RMB177 million and other payables and accruals of RMB177 million. Net assets value per share of the Group is approximately RMB0.99.

As at 30 June 2011, the gearing ratio of the Group is about 53.5% (31 December 2010: 52.7%). It is defined as the Group's total liabilities over the total assets.

Pledge of Assets

At 30 June 2011, 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 RMB643,381,000 (31 December 2010: RMB602,281,000) 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 2011, the Company had 1,665 full time employees and the total remuneration for the period was approximately RMB36.5 million (30 June 2010: RMB37.3 million). The Group remunerates its employees based on performance, experience and prevailing industry practices. The Group also provides Mandatory Provident Fund benefits for its employees in Hong Kong and the Statutory Retirement Scheme for its employees in the PRC.

Capital Structure

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

Significant Investment

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

Material Acquisitions and Disposals

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

Business Review

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

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

During the period, the overall economy of China has maintained a steady and relatively fast growth. With the acceleration of the adjustment of industry structure and change in the way of development, upgrading and transformation of industry will contribute new vitality and energy to the growth of APA industry. From the prospective of industry distribution, energy (safety control of coal mines), transportation (railway transportation control), environmental protection (pollution sources monitoring), as well as 3G mobile communication remain the major scopes of application for APA products. Besides, under the encouragement by China, the development of energy saving, reduction of pollutants, intelligent power grid and utilization of new energy sources would open a new market for the APA industry.



New products that the Group is now focusing on the research and development include:

1. Railway transportation ERC series products. This product is used as the main controller for the automatic ticket vending and checking system, passenger information system, platform screen door system, environment monitory system, fire fighting and control system as well as carriage capacity control system of the railway transport sector.
2. Intelligent transportation MEC series products. This product could impose control on the externally connected equipment to realize the collection, storage and transmission of information, which could be applied in various systems within the scope of intelligent transportation system, such as the urban transportation intelligent adjustment system, highway intelligent adjustment system, operating vehicle adjustment and management system as well as the electronic police system.
3. New energy sector (wind power) automatic control PPC tablet computer series products. This product is used as the monitory, displaying and operation controller within the main control system for wind power generation, and could be applied in the exchange of local data on offshore/onshore wind power generators as well as the exchange of data of the groups of wind power generators set under towers, thereby realizing the control and display of the operation status of the system, setup of parameters for groups of wind power generators, enquiries and statistic research on historical data as well as enquiries on error record.
4. Communication sector MicroTCA products. This product possesses a high level of flexibility, extremely high concentration level, and high flexibility of expansion and management capability. With tiny size and low cost, the product could be applied in the difference areas of 3G communication network, such as communication business system, connection system gateway and handling of IP media.
5. Financial sector MEC computer products. With complex structure, highly effective functions and low consumption level, this product has superb data handling capability, excellent expansion capacity and smooth data channel, making it perfect for key business application for financial sector in respect of ATM, electronic commerce, ERP and data center, especially the ATM equipment system.

Product Categories

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

	Turnover			
	Six months ended 30 June			
	2010 (unaudited)		2009 (unaudited)	
	RMB'000	%	RMB'000	%
Board-type APA	162,994	29.8	170,220	30.9
Chassis-type APA	113,386	20.7	123,674	22.5
Remote data modules	9,753	1.8	7,625	1.4
APA products	286,133	52.3	301,519	54.8
Auxiliary services business	261,086	47.7	248,677	45.2
Total	547,219	100	550,196	100

Marketing and Brand

During the period, the Company continued to operate on a marketing strategy and sales model with focus on direct sales and support by agents and enhanced customers' understanding towards our products and technology on a basis of learning marketing by organizing industrial application seminars, experience exchange meetings for users, etc. on one hand. On the other hand, the Company strengthened public recognition of the "EVOC" brand and its influence in the APA sector and the attractiveness of its products to the market through mounting marketing efforts including organizing industrial exhibitions and advertising on media, etc. The "EVOC" brand was recognized as a "China Well-Known Trademark" by SAIC, which was the first well-known trademark obtained by an APA corporate in China. This trademark enhanced the international influence of the Company's "EVOC" brand and the effective protection of our intellectual property rights and trademark brand.

During the period under review, the Company organized "EVOC — Technology Exchange Meeting of the Core Control of Industrial Equipment and New Energy Sector (Jiangxi, China)" (研祥智造 — 產業裝備之控制核心暨新能源領域技術交流會(中國江西)) and "EVOC — Technology Forum on the Core Control of Industrial Equipment (Wuhan, China)" (研祥智造 — 產業裝備之控制核心技术論壇(中國武漢)) on its own. At the same time, the Company also participated in the following exhibitions and technology exchange meetings in China:

1. "2011 Intel Developer Forum (IDF)"(2011英特爾信息技術峰會) in Beijing, China.

2. "Exhibition of the Report of Results of the 11th 5-Year Plan Electronic Fund" ("十一·五" 電子發展基金成果彙報展示會) in Beijing, China.
3. "3rd International Digital Signage and Large Screen Display Show" (第三屆國際數字標牌及大屏幕顯示展覽會) in Shanghai, China.
4. "Seminar on Rail Transportation in the Mainland, Hong Kong, Macao and Taiwan" (兩岸四地軌道交通研討會) in Shenzhen, China.
5. "65th China International Medicinal Equipment Fair " (第65屆中國國際醫療器械博覽會) in Shenzhen, China.
6. COMPUTEX 2011 International Computer Exhibition (COMPUTEX 2011臺北國際電腦展) in Taipei.

During the period under review, the "Non-classic Management Model" of the Company was awarded "The 4th Management Academy Award in China" (第四屆中國管理學院獎). Mr. Chen Zhi Lie, the Chairman, was awarded "The Achievement Award of the Mission of Computer Industry Development in China" (中國計算機行業發展成就任務成就獎). At the same time, the Company further enhanced internal management, improved labor relationship, boosted employees' scenes of belonging to the company and thus was named "The Top Hundred Advanced Corporation with Harmonious Labor Relationships in Guangdong Province".

Outlook and Prospect

Following the introduction of China's CPC Central Committee's Proposal for Twelfth Five-Year Plan on the Development of National Economy and Social Development and The State Council's Decision of Accelerating the Cultivation and Development of New and Strategic Industries, during the period of China's Twelfth Five-Year Plan, energy conservation and reduction of pollutants will be an important strategic issue and target of sustainable development of economy and society in the future. As a popular sector that continues to develop and innovate, automation is an advanced technology which helps to enhance production, improve efficiency, conserve energy, reduce consumption and reduce pollution. In the past, automation sector developed rapidly given the mass development of industrial economy in China. Now, under the advocates for energy conservation and pollution reduction in China, there comes another golden era of development.

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

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Corporate Governance Practices

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

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding Directors' securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the period from 1 January 2011 to 30 June 2011.

Audit Committee

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Ling Chun Kwok, Mr. Wang Zhao Hui and Mr. An Jian. Mr. Ling Chun Kwok is the chairman of the audit committee. Written terms of reference of the audit committee which comply with the code provisions set out in the Code has been adopted by the Board. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board of Directors. The committee met in a semi-annual basis and the review covers the findings of internal auditors, internal controls, risk management and financial reporting matters. The audit committee has discussed with the management and reviewed the interim results of the Group for the six months ended 30 June 2011.

Remuneration Committee

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

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

As at 30 June 2011, the interest and short positions of the Directors, supervisors (the "Supervisors") and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the required standard of dealings by Directors as set out to in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position — interests in the Company

Director	Type of interests	Number of Shares	Class of Shares	Approximate percentage of holding of the relevant class of shares of the Company	Approximate percentage of holding of the total share capital of the Company
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	878,552,400 (Note 1)	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	46,239,600 (Note 2)	Domestic Shares	5.00%	3.75%

Notes:

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

(b) *Long position — interests in associated corporations*

Directors	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
Chen Zhi Lie (陳志列)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner	70.5%
		Interest of spouse	29.5%
Wang Rong (王蓉)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner	29.5%
		Interest of spouse	70.5%

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

Substantial Shareholders

As at 30 June 2011, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Long positions in shares

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
EVOC Hi-Tech. Holding Group Co., Ltd. (Note 1)	Registered and beneficial owner of the Domestic Shares	878,552,400	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列) (Note 1)	Interest of a controlled corporation	878,552,400	Domestic Shares	95.00%	71.25%
Shenzhen Haoxuntong Industry Co., Ltd. (Note 2)	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%
Chen Zhi Lie (陳志列) (Note 2)	Interest of a controlled corporation	46,239,600	Domestic Shares	5.00%	3.75%

Note:

- Mr. Chen is the beneficial owner of 70.5% interests in EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) and is deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech. Holding Group Co., Ltd. pursuant to Part XV of the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of EVOC Hi-Tech. Holding Group Co., Ltd..

2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 100% by Mr. Chen Zhi Lie (陳志列), an executive Director. By virtue of Mr. Chen Zhi Lie (陳志列) holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen Zhi Lie (陳志列) is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

Save as disclosed above:

- (i) As at 30 June 2011, 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 2011, 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 2011, the Company has not adopted any share option scheme or granted any option.



Competing Interests

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

Purchases, Sale or Redemption of Securities

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

Sufficiency of Public Float

According to information of the Company available to the public and to the knowledge of the Board, the Board confirms that the Company has maintained a sufficient public float up to the date of this 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, 10 August 2011

The Company's 2011 interim results announcement and this interim report are published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's website at www.evoc.cn.

* For identification purpose only