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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: 8285)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 GEM of The Stock Exchange ("GEM 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:- (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 FOR THE YEAR ENDED 31 DECEMBER 2009

The Group's turnover was approximately RMB1,191,698,000 representing a decrease of approximately 1.6% as compared to approximately RMB1,211,090,000 in 2008.

Profit attributable to owners of the Company was approximately RMB78,167,000 representing a decrease of approximately 31% against approximately RMB113,262,000 in 2008.

Earnings per share of the Group were approximately RMB0.063 representing a decrease of approximately 32% as compared to RMB0.092 in 2008.

The board of directors (the "Directors") do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: Nil).

AUDITED RESULTS

The Directors are pleased to present the audited consolidated results of the Group for the year ended 31 December 2009, together with the comparative figures for the corresponding year in 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

		Year ended 31 December	
		2009	2008
	Notes	***RMB'000***	*RMB'000*
		(Audited)	(Audited)
Turnover	4	**1,191,698**	1,211,090
Cost of sales		**(941,364)**	(907,669)
Gross profit		**250,334**	303,421
Other income		**70,024**	57,354
Valuation loss on investment properties		**(8,258)**	(4,707)
Selling and distribution costs		**(48,297)**	(50,759)
Administrative expenses		**(81,201)**	(97,180)
Other operating expenses		**(55,395)**	(49,188)
Finance costs		**(63,294)**	(48,031)
Profit before income tax expenses	6	**63,913**	110,910
Income tax expenses	7	**(1,130)**	(13,687)
Profit for the year		**62,783**	97,223

	Notes	Year ended 31 December **2009** ***RMB'000*** **(Audited)**	 2008 *RMB'000* (Audited)
Other comprehensive income/(loss), after tax			
Gain/(loss) on revaluation of buildings		**5,522**	(18,817)
Exchange difference on translating foreign operations		**(40)**	565
Release of statutory surplus reserve upon deregistration of a branch of the Company		**(154)**	—
Other comprehensive income/(loss) for the year, net of tax		**5,328**	(18,252)
Total comprehensive income for the year		**68,111**	78,971
Profit attributable to:			
— Owners of the Company		**78,167**	113,262
— Minority interests		**(15,384)**	(16,039)
		62,783	97,223
Total comprehensive income attributable to:			
— Owners of the Company		**83,495**	95,010
— Minority interests		**(15,384)**	(16,039)
		68,111	78,971
Earnings per share — Basic and diluted (RMB)	8	**0.063**	0.092

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000 (Audited)	2008 RMB'000 (Audited)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**303,599**	372,522
Investment properties		**72,175**	58,330
Lease prepayments	9	**1,012,989**	992,867
Deposit for acquisition of prepaid land lease		**—**	5,000
Goodwill		**24,470**	24,470
Deferred tax assets		**1,207**	1,709
		1,414,440	1,454,898
CURRENT ASSETS			
Inventories		**92,299**	89,629
Trade receivables	10	**128,200**	143,753
Bills receivable		**20,922**	9,141
Income tax receivable		**25**	2,654
Lease prepayments	9	**29,904**	28,883
Other receivables, deposits and prepayments		**29,442**	31,882
Time deposits and cash and bank balances		**1,317,366**	1,024,017
		1,618,158	1,329,959
CURRENT LIABILITIES			
Bank borrowings		**446,000**	588,000
Trade payables	11	**84,570**	112,957
Bills payable	11	**14,098**	13,099
Income tax payable		**7,990**	13,739
Other payables and accruals		**280,802**	302,887
		833,460	1,030,682
Net current assets		**784,698**	299,277
Total assets less current liabilities		**2,199,138**	1,754,175
NON-CURRENT LIABILITIES			
Bank borrowings		**576,000**	192,000
Deferred tax liabilities		**188,514**	195,662
		764,514	387,662
Net assets		**1,434,624**	1,366,513

	Notes	2009 RMB'000 (Audited)	2008 RMB'000 (Audited)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	12	**123,314**	123,314
Reserves		**676,498**	593,003
Equity attributable to owners of the Company		**799,812**	716,317
Minority interests		**634,812**	650,196
Total equity		**1,434,624**	1,366,513

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	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	Minority interests RMB'000	Total equity RMB'000
Balance at 31 December 2007	**123,314**	**8,586**	**54,311**	**93,215**	**—**	**341,881**	**621,307**	**666,235**	**1,287,542**
Total comprehensive income for the year, net of tax	—	—	—	(18,817)	565	113,262	95,010	(16,039)	78,971
Transfer between reserves	—	—	9,722	—	—	(9,722)	—	—	—
Balance at 31 December 2008	**123,314**	**8,586**	**64,033**	**74,398**	**565**	**445,421**	**716,317**	**650,196**	**1,366,513**
Total comprehensive income for the year, net of tax	—	—	(154)	5,522	(40)	78,167	83,495	(15,384)	68,111
Balance at 31 December 2009	**123,314**	**8,586**	**63,879**	**79,920**	**525**	**523,588**	**799,812**	**634,812**	**1,434,624**

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.

During the year, the Group engages in the research, development, manufacture and distribution of Advanced Process Automation ("APA") products in Mainland China.

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

(a) Adoption of new and revised HKFRSs

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes:-

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statements are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

HKFRS 8 "Operating Segment"

HKFRS 8 replaces HKAS 14 "Segment Reporting", and requires operating segment to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

HKFRS 7 (Amendments) Improving Disclosures about Financial Statements

The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities including issued financial guarantee contracts.

(b) Potential impact arising on HKFRSs not yet effective

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
Amendments to HKAS 32	Classification of Rights Issues[4]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKFRS 9	Financial Instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The amendment to HKAS 17 made under the "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Hong Kong Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of buildings and investment properties.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

All intercompany transactions, balances and unrealised gains on transactions between group enterprises are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. TURNOVER

Turnover, which is also revenue, represents the invoiced value of goods supplied to customers.

5. SEGMENT INFORMATION

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 analysis is presented.

All operating assets and operations of the Group during the years ended 31 December 2009 and 2008 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 with whom transactions have exceeded 10% of the Group's revenues. Revenues from this customer amounted to approximately RMB145,158,000 (2008: RMB131,802,000).

6. PROFIT BEFORE INCOME TAX EXPENSES

Profit before income tax expenses is arrived at charging/(crediting) the following:

	2009	2008
	RMB'000	*RMB'000*
Cost of inventories sold *(Note a)*	**941,364**	907,669
Depreciation	**32,514**	25,649
Amortisation of land lease prepayments *(Note 9)*	**29,904**	30,015
Research and development costs (other than depreciation of RMB5,169,000 (2008: RMB1,598,000)):		
Current year expenditure	**44,495**	47,032
Minimum lease payments under operating leases in respect of land and buildings	**12,643**	13,870
Auditor's remuneration	**700**	660
Staff costs (including remuneration of directors):		
Salaries, bonus and allowance	**62,868**	71,142
Retirement benefits scheme contributions	**5,961**	7,375
(Reversal of allowance)/allowance for impairment loss on trade receivables *(Note 10)*	**(2,772)**	2,539
Loss on disposal of property, plant and equipment	**441**	298
Direct operating expenses (including repairs and maintenance) arising on rental from investment properties	**13,716**	6,669
Foreign exchange differences, net	**832**	281

Note:

(a) Cost of inventories sold includes staff costs and depreciation of RMB11,678,000 (2008: RMB9,883,000) and RMB5,319,000 (2008: RMB3,380,000) respectively.

7. INCOME TAX EXPENSES

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 20% (2008: 18%) and Shenzhen EVOC Software is entitled to a 50% tax exemption (ie subject to a rate of 10%) in 2009 (2008: 9%).

The Company was subject to EIT rate of 18% in 2008. In 2009, 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 ("Beijing EVOC") and Shanghai EVOC Intelligent Technology Company Limited ("Shanghai EVOC"), 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. In 2008, the EIT rates of Beijing EVOC and Shanghai EVOC were 25%.

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 2008 and 2009.

Hong Kong EVOC International Technology Company Limited ("HK EVOC"), a subsidiary incorporated in Hong Kong during 2008, is subject to Hong Kong profits tax at 16.5% in 2008 and 2009.

Xinteer had not provided for any tax since it had no taxable income for 2008.

EVOC STONE and HK EVOC have not provided for any tax since they have no taxable income for 2009 and 2008.

Taxation in the consolidated statement of comprehensive income represents:

	2009	2008
	RMB'000	*RMB'000*
Current tax — PRC		
Provision for the year	**7,251**	14,390
Over-provision in respect of prior year	**(1,239)**	(3,646)
	6,012	10,744
Deferred taxation		
Origination and reversal of temporary differences, net	**(6,738)**	2,943
Change in tax rate	**1,856**	—
	(4,882)	2,943
Total income tax expense	**1,130**	13,687

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2009	2008
Profit for the year for the purpose of basic earnings per share calculation	**RMB 78,167,000**	RMB113,262,000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,233,144,000**	1,233,144,000

As the Company has no dilutive potential shares, the basic and diluted earnings per share for the respective years are equal.

9. LEASE PREPAYMENTS

	2009		2008	
	Group	**Company**	Group	Company
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cost:				
At beginning of the year	**1,052,279**	**6,277**	1,052,279	6,277
Addition	**51,047**	**51,047**	—	—
At end of year	**1,103,326**	**57,324**	1,052,279	6,277
Accumulated amortisation:				
At beginning of year	**30,529**	**640**	514	514
Charge for the year *(Note 6)*	**29,904**	**1,146**	30,015	126
At end of year	**60,433**	**1,786**	30,529	640
Carrying amount				
At 31 December	**1,042,893**	**55,538**	1,021,750	5,637
Less: Current portion included under current assets	**(29,904)**	**(1,146)**	(28,883)	(126)
Non-current portion	**1,012,989**	**54,392**	992,867	5,511

(a) The Group's and the Company's leasehold land is located in Mainland China.

(b) The piece of land in Guangming, Shenzhen, the PRC with a carrying amount of RMB50,025,000 at 31 December 2009 (2008: nil) is held under a medium term lease with a term of 50 years commencing on 1 January 2009. The land is acquired at a concession discount on land premium and is not freely transferable unless, among others, additional premium, if any, is paid and government approval is obtained. According to a contract for the grant of state-owned land use rights, construction should have been completed by 31 December 2010.

The Company intends to build production plants, office and research and development building and staff quarters on this piece of land and as such, in December 2009, the Company submitted a revised construction plan to include construction of staff quarters to Urban Planning Land and Resources Commission of Shenzhen Guangming Municipality (深圳市規劃和國土資源委員會光明管理局). Such amendments require the Company to pay additional land premium. The Company is under negotiation with the government with respect to the amendments as at the date of the report and accordingly, the Company has not obtained the relevant land use right certificate. It is not practical for the Group and the Company to determine the additional land premium in respect of the above change at the end of the reporting period.

(c) The piece of land in Shenzhen with a carrying amount of RMB5,513,000 at 31 December 2009 (2008: RMB5,637,000) is held under a medium term lease, which has a term of 50 years commencing on 27 November 2003. The land is acquired at a concession discount on land premium and is not freely transferable unless, among others, additional premium, if any, is paid and government approval is obtained.

(d) The four pieces of land in Wuxi has a total area of 518,564m^2 (the "Wuxi Land") and a carrying amount of RMB987,355,000 at 31 December 2009 (2008: RMB1,016,113,000).

According to the land purchase agreement signed on 20 February 2004 between Wuxi State-owned Land Bureau and Shenzhen Feng Shui Long Investment Development Company Limited ("Feng Shui Long") (the former sole owner and now a shareholder of 49% equity interest in Wuxi Jiang Nan Dai Shi Jie Investment Development Company Limited (now known as Wuxi SHIOC International Outsourcing Industry Development Company Limited ("SHIOC"), a subsidiary of the Company since 16 November 2007) and a supplemental agreement signed between Wuxi State-owned Land Bureau, Feng Shui Long and SHIOC on 7 December 2004 (collectively the "Agreements"), the land premium for the Wuxi Land of RMB362,000,000 should be fully repaid by 30 September 2005 and the development of the Wuxi Land should be completed by 30 September 2007. Feng Shui Long is 100% held by the spouse of an executive director of the Company.

At 31 December 2009, the unpaid land premium for the Wuxi Land was RMB220,252,000 (2008: RMB228,565,000).

The Group has commenced the development of two pieces of the Wuxi Land with a total area of 215,221m^2 and has obtained two land use right certificates thereon extending to 7 December 2044. The Group plans to develop the remaining two pieces of the Wuxi Land after the infrastructure development plans in relation to such land by the Wuxi Municipal People's Government have been finalised.

According to a letter dated 22 March 2010 from the Wuxi State-owned Land Bureau, although the Company has not fully settled the land premium in accordance with the Agreements, the Wuxi State-owned Land Bureau does not consider SHIOC to be in breach of any terms and conditions of the Agreements. The Wuxi State-owned Land Bureau has also advised that it does not consider any portion of the Wuxi Land to be idle, despite development works have not been carried out according to the timeframe provided by the Agreements.

(e) The Group had pledged lease prepayments having a carrying amount of RMB55,538,000 at 31 December 2009 (2008: RMB5,637,000) to secure banking facilities granted to the Group.

10. 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.

(a) An aging analysis of trade receivables as at the end of the reporting periods, based on the invoice date, is as follows:

	2009		2008	
	Group	**Company**	Group	Company
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
0 to 90 days	**119,637**	**30,307**	130,142	34,763
91 to 180 days	**2,134**	**594**	8,446	6,373
181 to 365 days	**5,869**	**630**	2,864	985
Over 1 year	**1,811**	**1,129**	6,324	5,875
Trade receivables	**129,451**	**32,660**	147,776	47,996
Less: Allowance for doubtful debts	**(1,251)**	**(874)**	(4,023)	(3,798)
	128,200	**31,786**	143,753	44,198

(b) The movement in the allowance for doubtful debts during the year is as follows:

	2009		2008	
	Group	**Company**	Group	Company
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
At beginning of year	**4,023**	**3,798**	1,484	1,484
Additional allowance for the year *(Note 6)*	**—**	**—**	2,539	2,314
Reversal of impairment loss *(Note 6)*	**(2,772)**	**(2,924)**	—	—
At end of year	**1,251**	**874**	4,023	3,798

11. TRADE PAYABLES AND BILLS PAYABLE

	2009		2008	
	Group	**Company**	Group	Company
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Trade payables	**84,570**	**40,661**	112,957	48,986
Bills payable	**14,098**	**14,098**	13,099	13,099
	98,668	**54,759**	126,056	62,085

An ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2009		2008	
	Group	**Company**	Group	Company
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
0 to 90 days	**95,112**	**52,104**	122,232	58,271
91 to 180 days	**608**	**398**	2,442	2,442
181 to 365 days	**159**	**38**	512	502
Over 1 year	**2,789**	**2,219**	870	870
	98,668	**54,759**	126,056	62,085

12. SHARE CAPITAL

	Number of shares	*RMB'000*
Registered, issued and fully paid		
At 1 January 2008, 31 December 2008 and 2009	1,233,144,000	123,314

13. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group continued to engage in the research and development, manufacture and distribution of APA products in China, and worked unswervingly to upgrade and transform Chinese traditional industries to facilitate their fast development by using information technology. As the sole member of INTEL ICA among APA manufacturers in Mainland China, and having established a strategic cooperative relationship with the Institute of Computing Technology of the Chinese Academy of Sciences on application of embedded technology, the Group has good command of the latest development in the chip technology and dominance in deciding the formulation of standards for the Chinese APA industry, reflecting more clearly its overall competitive strength.

Result of the year

The Group recorded a turnover of approximately RMB1,191,698,000 and a profit for the year of approximately RMB62,783,000 for the year ended 31 December 2009. The Group's core business and production were stable with a decrease in its profit margin as compared with that of last year due to sales declined in board-type APA business. However, the Group has started focusing on overseas markets. The management believes the overseas market will have good contribution in the coming future.

Research & Development

After many years of development, the Group has gradually established and improved its R&D regime. It now has one institute and four centers, namely a Technology Institute and the Shenzhen R&D center, Beijing R&D center, Shanghai R&D center and Xian R&D center. Heeding the more obvious development trend of APA product application industry, the Group's R&D department developed customized solutions for different industries taking into account of the market feedbacks from the marketing department so as to satisfy different design requirements for APA products based on application features of different industries.

During the period under review, the construction of the new R&D/interim testing base in Shenzhen officially commenced. The new base is expected to occupy a site area exceeding 80,000 sq. m. and will be used mainly for the production, R&D and terminal testing of the software and hardware of APA products. The base, upon completion, will further strengthen the Group's R&D capabilities, shortening product life cycles and enhance our market competitiveness.

Riding on its core competitive strategies of "applying innovative proprietary capabilities to develop its own brands", the Group has been ahead of its competitors on product development and technology innovation, and has sustainable development capability to sustain steady growth in results. In 2009, the Group's spending in R&D accounted for approximately 4.2% of the total turnover. Heeding the development trend of the APA industry, the Group focused on R&D of the following new products: EVOC Self-defined Reinforced PCI-ISA Industrial Computer Mainline Series Products (EVOC自定義加固型PCI-ISA工業計算機總線系列產品); Compact PCI Platform Product (Compact PCI平台產品); High-performance Reinforced Computer Product (高性能加固計算機產品); Automatically-Controlled Communication Management Equipment (自動化控制通信管理設備), AFC system products for use in metro railway; testing and control system products for electricity use; broadcasting system products for use in advertising; supervision and control system products for use in transportation.

Products & Services

The Group offers over 390 APA products in three series and solutions tailored for a number of industries. The APA products manufactured and sold by us are widely applied in railway transportation, coal mine safety, environmental protection, communications, commerce, industrial, finance, energy, military, video frequency control and Internet.

As the Group continued to expand its business segments in a swift manner, it adjusted its internal management structure in order to streamline the information dissemination within the corporation, and enable effective enforcement of the Group's decisions. Meanwhile, efforts were enhanced in training newly-recruited employees to enable them to quickly grasp our corporate culture, and secure the rapid and steady development of the Group.

During the period under review, the Group was recognized as an Enterprise Having Harmonious Staff Relationship in Shenzhen 2008 (2008年度深圳市勞動關係和諧企業) and thus enjoyed priority services from Shenzhen Government in terms of channeling skilled labour and undergoing social insurance matters and also enjoyed locally the various preferential policies on human resources.

Marketing and Management

The Group will continue to adopt a marketing strategy and sales model with direct sales operation at the core and distributors to complement in the Mainland China. During the period under review, the Group has adjusted its domestic marketing system to focus on strengthening its city management team by recruitment, in order to generally enhance after-sales service and market competitiveness. During the period under review, the Group has adjusted the original market structure for the APA based on it market features, restructured the product division based on product characteristics and consolidated the relationship between industry sales, regional sales and product line by formation of a three-dimensional distribution model. At present, the Group has set up sales outlets in more than 40 cities in China, capitalizing on the Group's geographical advantages, so that the Group's customers can conveniently buy "EVOC" products and enjoy timely and good services.

While the Group has expanded its market share in China, it also continues to develop its overseas markets. As hit by the financial tsunami, the economic environment of Europe and the United States was sluggish in 2009. The Group's overseas sales team focused on expanding the growing overseas markets. Currently, the Group conducts brand promotion and new product R&D tailoring for countries and regions such as the Middle East, Russia and India.

OUTLOOK & PROSPECTS

Development of APA technology, which is positioned in the upstream along the IT industry chain, is able to promote the development of automation and information development in traditional and emergent industries and increase production value of the industry by a few dozen times. Our Board of Directors believes that along with China's and the world's rapid development in information technology and intelligence technology, strong market demand for APA products will sustain in future. In particular, as the Chinese government implemented its policies of stimulating domestic demand and encouraging priority purchase of proprietary products locally made by domestic enterprises, there will be more market opportunities and room for profit growth for the Group.

In view of the rapid expansion of the APA market, the Group will emphasize industrial applications, focusing on increasing market share of energy (coal mine safety monitoring), transportation (rail traffic monitoring), environmental protection (pollution source detection), 3G communications and other key industry application products, laying the foundation for expansion into other similar and innovative high-end automatic applications in the future. The Group will also strengthen interaction and integration of the R&D and marketing, making timely adjustments to R&D strategies and directions based on market feedbacks so that the Group's R&D and technology innovation are ahead of our competitors.

In view of the development trend of the APA industry, the Group will maintain the development model of a provider of solutions combining "a hardware platform, a software platform and a service platform". In the rapidly growing APA industry, the Group will continue to extend the its industry chain, and conduct R&D and sales of APA related products. The Group will comprehensively strengthen efforts to expand overseas markets, establish and improve the overseas marketing system and expand the proportion of products exported.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2009, the Group's turnover was approximately RMB1,191,698,000, representing a slightly decrease of approximately 1.6%.

Turnover by product category

Sales of Products	**2009**	2008	Change
	RMB'000	*RMB'000*	*Percentage*
Board-type APA	**418,231**	453,457	-7.8%
Chassis-type APA	**314,665**	311,846	+1%
Remote data modules	**18,483**	16,230	+14%
APA products	**751,379**	781,533	-3.9%
Auxiliary services business	**440,319**	429,557	2.5%
Total	**1,191,698**	1,211,090	-1.6%

Turnover by Geographical Location

Regions in China	**2009**	2008	Change
	RMB'000	*RMB'000*	*Percentage*
North and Northeast China	**164,922**	163,733	+1%
East China	**111,032**	109,489	+1%
South China	**810,145**	878,960	-8%
Southwest China	**26,964**	40,036	-33%
Northwest China	**16,426**	18,872	-13%
Export sales	**62,209**	—	N/A
Total	**1,191,698**	1,211,090	-1.6%

Cost of sales

The total cost of sales amounted to approximately RMB941,364,000, representing an increase of 3.7%. The increase was mainly due to the increase in the price of raw materials and parts components.

Gross Profit

The Group's gross profit for the year ended 31 December 2009 was approximately RMB250,334,000, representing a decrease of approximately 17.5%. The gross profit margin decreased from approximately 25% to approximately 21%. The decrease in gross profit margin was mainly due to products selling price adjustment in APA products and total turnover declined in board-type APA business.

Other Income

The other income for the year ended 31 December 2009 amounted to approximately RMB70,024,000 (2008: RMB 57,354,000), representing an increase of approximately 22%. The increase was mainly due to increase value-added tax concession and government subsidies.

Selling & Distribution costs

The selling and distribution expenses were approximately RMB48,297,000 equivalent to approximately 4.1% of the Group's turnover in 2009. The selling and distribution expenses decrease by 4.9% from RMB50,759,000 equivalent to 4.2% of the Group's turnover in 2008. The decrease was mainly attributable to the reduction of business in 2009.

Administrative Expenses

The administrative expenses were approximately RMB81,201,000 in 2009, representing a decrease of RMB15,979,000 or 16.4% from about RMB97,180,000 in 2008. The decrease was mainly attributable to implementation of cost control in general administrative expenses.

Research & Development costs

The research and development cost were approximately RMB49,664,000 equivalent to approximately 4.2% of the Group's turnover in 2009. The research and development costs increased by 2.1% from RMB48,630,000 equivalent to 4.0% of turnover in 2008.

Finance Costs

The finance costs were approximately RMB63,294,000 in 2009, increase 31.8% from RMB48,031,000 in 2008. The increase were mainly attributable to the increase of bank borrowings.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the year 31 December 2009 was approximately RMB78,167,000, while that of 2008 was approximately RMB113,262,000, representing a decrease of approximately 31%. The net profit margin also dropped from 8.0% to 5.3%. The decrease was mainly attributable from increase in depreciation expenses and finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operation with internally resourced and banking facilities granted by bankers in the PRC. As at 31 December 2009, the Group's gearing ratio had increased to 53% (calculated on the basis of the Group's total liabilities over total assets) from 51% as at 31 December 2008. As at 31 December 2009, the Group's total bank borrowings amounted to RMB1,022 million (2008: RMB780 million). The Group's time deposits and cash and bank balances as at 31 December 2009 has increased to RMB1,317 million (2008: RMB1,024 million). The current ratio (calculated on the basis of the Group's current assets over current liabilities) has increased to 1.94 as at 31 December 2009 (2008: 1.29).

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 year under review.

CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to a subsidiary amounting to RMB30 million (2008: nil). As at 31 December 2009, all (2008: nil) the above banking facilities granted were utilised.

THE PLEDGE OF ASSETS

At 31 December 2009, 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 RMB296,817,000 (2008: RMB243,903,000) as security for bank loans and general banking facilities granted to the Group. Except the above, there are no other charges on the Group's assets.

CAPITAL STRUCTURE

Details of movements in the share capital of the Group during the year are described in note 12.

MATERIAL EVENT

The Company has submitted an application on 10 February 2010 to the Stock Exchange for the transfer of listing of its H Shares from the GEM to the Main Board under the transfer of listing arrangements pursuant to the relevant provisions of the GEM Listing Rules and the Rules Governing the Listing of Securities on the Stock Exchange. The transfer of listing will not involve the issue of any new shares of the Company.

SIGNIFICANT INVESTMENT

The Group has not held any significant investment for the year ended 31 December 2009.

EMPLOYEE INFORMATION

As at 31 December 2009, the Group had 1,932 (2008: 2,467) full-time employees. During the period under review, the Group reported staff costs including directors remuneration of approximately RMB62,868,000 (2008: RMB71,142,000). The Group remunerates its employees based on performance, experience and prevailing industry practices. The Group also provides Mandatory Provident Fund benefits for its employees in Hong Kong and the Statutory Retirement Scheme for its employees in the PRC.

DIRECTORS', SUPERVISORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN CONTRACTS

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests or short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO), or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange relating to securities transactions by the directors, were as follows:

(a) Long position — interests in the Company

	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
Director					
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	840,635,928 *(Note 1)*	Domestic Shares	90.90%	68.17%
Zhou Hong (周紅)	Beneficial owner	52,800	H Shares	0.02%	0.004%
Supervisor					
Zhang Zheng An (張正安)	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 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 Yanxiang Wangke Industry Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Yanxiang Wangke Industry 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 30% by Zhu Jun (朱軍), an executive Director, 30% by Pu Jing (濮靜), a Supervisor and 40% by Zhang Zheng An (張正安). By virtue of Zhang Zheng An (張正安) holding of more than one-third interest in Shenzhen Haoxuntong Industry Co. Ltd, Zhang Zheng An (張正安) 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

Director	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 Yanxiang Wangke Industry Co., Ltd.	Beneficial owner Family	70% 4.5%
Wang Rong (王蓉)	Shenzhen Yanxiang Wangke Industry 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 31 December 2009, 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 Yanxiang Wangke Industry Co., Ltd.	Registered and beneficial owner of the Domestic Shares	840,635,928	Domestic Shares	90.90%	68.17%
Chen Zhi Lie (陳志列) *(Note)*	Interest of a controlled corporation	840,635,928	Domestic Shares	90.90%	68.17%
Shenzhen Haoxuntong Industry Co., Ltd.	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%

Note: Mr. Chen Zhi Lie is the beneficial owner of 70% interests in Shenzhen Yanxiang Wangke Industry Co., Ltd. and is deemed to be interested in the Domestic Shares owned by Shenzhen Yanxiang Wangke Industry 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 Yanxiang Wangke Industry Co., Ltd.

Save as disclosed above:

(i) 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 which will be required pursuant to rules 5.46 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange as at 31 December 2009; 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 31 December 2009, 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 PURCHASE SHARES

At no time during the year, the directors or supervisors (including their spouse and children under 18 years of age) had any interest 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 31 December 2009, the Company has not adopted any share option scheme or granted any option.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

During the year ended 31 December 2009, the Company had complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the directors, the directors of the Company had complied with the required standard of dealing and the code of conduct for directors' securities transactions during the year ended 31 December 2009.

COMPETING INTERESTS

None of the directors, initial management shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CAPITAL COMMITMENTS

As at 31 December 2009, the Group had authorised but not contracted for and contracted but not provided for commitments amounting to approximately RMB556,004,000 (2008: nil) and RMB48,144,000 (2008: RMB198,589,000) respectively, in respect of construction of a service outsourcing centre in Wuxi, the PRC, construction of production plants, office and research and development building and staff quarters in Guangming, Shenzhen, the PRC.

CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2009.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The audit committee comprises three members. The duties of the audit committee include:

1 Supervising the accounting and financial reporting procedure and reviewing the financial statements of the Group;

2 Studying carefully all proceedings proposed by the qualified accountant, compliance officers and auditor of the Group;

3 Examining and monitoring the internal control system adopted by the Group;

4 Reviewing the relevant work of the Group's external auditor.

Members of the audit committee possess high sense of responsibilities. They have contributed their times and efforts to ensure the board are more effective and objective.

The audit committee meets quarterly to review the reporting of financial and other information to shareholders, the effectiveness and objectivity of the internal control process, and also reviewed all the quarterly and half year results. The audit committee also provides an important link between the Board and the Company's auditor in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditor.

The audit committee of the Company has reviewed the audit results of the Group for the period under review and has provided advice and comments thereon.

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

Shenzhen, the PRC, 25 March 2010

As at the date hereof, the executive directors of the Company are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Zhu Jun; the independent non-executive directors of the Company are Mr. Wang Tian Xiang, Ms. Dai Lin Ying, Mr. Wang Zhao Hui and Mr. An Jian.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page, for at least 7 days from the date of its posting.

* *For identification purpose only*