Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the "Directors") of CHINA U-TON HOLDINGS LIMITED (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

中国优通控股
China UT Holding

CHINA U-TON HOLDINGS LIMITED
中 國 優 通 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8232)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

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

GEM has been positioned as a market designed to accommodate companies to which a higher 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.

Highlights

- The Company reported a profit attributable to the equity holders of the Company of RMB24,927,000 for the six months ended 30 June 2013, an increase of RMB4,276,000 when compared with the corresponding period of the previous financial year.
- The Group's revenue was approximately RMB127,840,000 for the six months ended 30 June 2013, an improvement of RMB45,794,000 when compared with the corresponding period of the previous financial year.
- Gross profit margin for the six months ended 30 June 2013 was approximately 39.2% (2012: 51.6%), which translates into gross profit of approximately RMB50,130,000, an increase of RMB7,760,000.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) for the six months ended 30 June 2013 was RMB33,051,000, an increase of RMB8,329,000.
- Earnings per share for the six months ended 30 June 2013 was RMB1.5 cents and decrease of RMB0.1 cents compared to RMB1.6 cents for the corresponding period of the previous financial year. The decrease of earnings per share was due to net effect of the increase of weighted average number of shares after the placement of new shares of the Company in June 2012 and increase of profit for the current period.
- The Board does not recommend the payment of any interim dividend for the period.
- The backlog amount for the deployment projects of optical fibers as at 30 June 2013 amounted to approximately RMB126,717,000.
- The estimated amount for the tender succeeded but the Group has not entered into any contract for the deployment projects of optical fibers as at 30 June 2013 amounted to approximately RMB70,000,000.

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Revenue	**127,840**	82,046
Cost of sales/services	**(77,710)**	(39,676)
Gross profit	**50,130**	42,370
Other income	**1,261**	138
Other gains and losses	**(1,555)**	1,319
Marketing and distribution expenses	**(3,122)**	(2,687)
Administration expenses	**(14,996)**	(6,645)
Listing expenses	**—**	(10,411)
Finance costs	**(2,981)**	(727)
Profit before taxation	**28,737**	23,357
Income tax expense	**(2,882)**	(2,706)
Profit and total comprehensive income for the period	**25,855**	20,651
Profit for the period attributable to non-controlling interests	**(928)**	—
Profit for the period attributable to the equity holders of the Company	**24,927**	20,651

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China U-Ton Holdings Limited ("China U-Ton" or the "Group") is principally engaged in providing deployment services of optical fibers in the PRC. The Group utilizes its proprietary micro-ducts and micro-cables system deployment technology and integrates it with the traditional deployment method to provide efficient and low-cost optical fiber network construction and capacity expansion services for densely populated areas and areas which are insufficient of pipelines. In recent years, driven by the emerging modes of consumption such as household broadband access, internet videos, online shopping, micro media, mobile games and mobile videos, the information and telecommunication industry has experienced rapid development. The Ministry of Industry and Information Technology of the People's Republic of China (the "MIIT") estimates that the value of information technology consumption for the period between January and May 2013 has reached RMB1.38 trillion, representing an increase of 19.8% over the same period of the previous year. Telecommunication operators are increasing the investments in optical fiber network development and upgrade projects to tap the significant market potential which drives the demand for the Group's principal business – deployment services of optical fibers and thus enables us to achieve significant growth in revenue. The Group has seized the market opportunities and actively explored new markets. Following the successful expansion in Sichuan market at the end of 2012, the Group acquired 51% of the issued share capital of each of two telecommunication construction companies, Chongqing Wuyang Communication Technology Co. Ltd (重慶五洋通信技術有限公司) ("Chongqing Wuyang") and Hunan San Cheng Communication Construction Co. Ltd (湖南三成通信建設有限公司) ("Hunan San Cheng") in the first half of 2013. Leveraging the well-established local business relations and networks of the two companies in their respective markets, the Group could penetrate Chongqing, Guizhou and Hunan markets within a relatively short period of time to further expand its business scope and increase its market share. Revenue contributed by Chongqing Wuyang and Hunan San Cheng for the six months ended 30 June 2013 amounted to RMB1,523,000 and RMB12,705,000 respectively.

Revenue

The Group's revenue for the six months ended 30 June 2013 amounted to RMB127,840,000 (2012: RMB82,046,000), representing an increase of 55.8% over the same period last year. Our two core businesses, deployment services of optical fibers and low-voltage equipment integration, accounted for 90.8% and 7.7% respectively of the total revenue of the Group. At the end of 2012, the Group successfully expanded into the Sichuan and Guizhou markets for its deployment services of optical fibers. After half a year's vigorous development, these markets have experienced rapid growth. During the period under review, the business in Sichuan Province and Guizhou Province contributed RMB42,097,000 and RMB11,995,000 to the Group's revenue, accounting for 36.4% and 10.4% of the revenue from development services of optical fibers. In the meantime, the Group continued to develop the Beijing, Hebei and Liaoning markets where we enjoyed established competitive advantages. Since some construction projects in Beijing and Hebei Province were postponed to second half of year 2013, the Group's total revenue from these two geographical markets decreased accordingly.

	Six months ended 30 June 2013		Six months ended 30 June 2012		Amount Increase/ (Decrease)
	(in RMB'000)	%	(in RMB'000)	%	(%)
Deployment services of optical fibers	**116,116**	90.8	65,559	79.9	77.1
Low-voltage equipment integration services	**9,867**	7.7	14,201	17.3	(30.5)
Others	**1,857**	1.5	2,286	2.8	(18.7)
Total	**127,840**	100.0	82,046	100.0	55.8

Gross profit and profit margin

Gross profit of the Group for the first half of 2013 increased by 18.3% from RMB42,370,000 for the first half of 2012 to RMB50,130,000. However, the overall gross profit margin decreased by 12.4% point to 39.2% due to the combined effect of lower complexity of the deployment projects of optical fibers completed by the Group and adoption of more traditional deployment method which had a lower profit margin for the projects during the period. In addition, some construction projects of deployment services of optical fibers had not been reached to a progress to recognise relevant profit. Thus, overall gross profit margin decreased accordingly.

Gross profit

	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	Increase (Decrease) (%)
Deployment services of optical fibers	**44,452**	36,825	20.7
Low-voltage equipment integration services	**5,173**	4,200	23.2
Others	**505**	1,345	(62.5)
Total	**50,130**	42,370	18.3

Gross profit margin

	Six months ended 30 June 2013 (%)	Six months ended 30 June 2012 (%)	Increase (Decrease) percent point
Deployment services of optical fibers	**38.3**	56.2	(17.9)
Low-voltage equipment integration services	**52.4**	29.6	22.8
Others	**27.2**	58.8	(31.6)
Total	**39.2**	51.6	(12.4)

Deployment services of optical fibers

The Group's deployment services of optical fibers can be categorized into two major subsets of micro-ducts and mini-cables system integration method and traditional deployment method depending on the main technology we use for each project. For the six months ended 30 June 2013, the Group's micro-ducts and mini-cables system integration projects with revenue decreasing by 17.9% over the same period last year to RMB35,211,000 (2012: RMB42,883,000). For our traditional deployment services, revenue increasing by 264.1% over the same period last year to RMB80,311,000 and accounting for 69.5% of the total revenue of such business.

Traditionally, optical fibers are deployed by way of direct burial which requires excavation of roads. Therefore, it not only takes time to apply for the relevant permits, but may also may cause traffic congestion and environmental pollution. This deployment method sometimes is comparatively inconvenient in populated areas with high density of buildings, which is an insurmountable problem for telecommunication operators in achieving network upgrade and capacity expansion. Taking the advantage of this market insufficiency, the Group applied the micro-ducts and mini-cables system deployment technology by using existing public sewer pipeline system as the routing to deploy optical fibers. The technology avoids excavation and subsequent reinstatement of roads, and significantly reduces the construction period and construction costs, which has an absolute advantage in metropolitan areas. It provides a high-efficiency, comparatively low-cost, convenient-construction-and-maintenance solution for telecommunication operators. With the Group's vigorous promotion and active improvement on the related technologies, the micro-ducts and mini-cables system deployment method is increasingly recognized and welcome by telecommunication operators, especially when applying in network construction in metropolitan areas.

As a pioneer in micro-ducts and mini-cables system deployment technology in China, the Group keeps ahead of its peers with a number of advantages in terms of resources and technologies. One of the preconditions for application of micro-ducts and mini-cables system deployment technology is to obtain the rights to use public sewer systems. As the inherent issue of exclusiveness in using public sewer pipeline system arises once the Group commenced operations, hence, we regard the rights to use the public sewer systems as a resource investment. At present, the Group has obtained the exclusive rights in using the sewer systems in ten districts or cities including Beijing, Zhangjiakou, Chengde, Qinghuandao, Baoding, Xingtai, Shahe, Handan, Jinan and Meishan, and the non-exclusive right in Hengshui, which guarantees our competitive edge in such areas. Meanwhile, leveraging our track record and exclusive technologies, we also actively approach government departments in other provinces and accumulate the rights to use public sewer systems in various districts to further consolidate our competitive strength. In addition, the Group has made considerable investments in the research and development of micro-ducts and mini-cables system related products as well as the upgrade of deployment technologies. Currently, we own a total of 24 design, utility and invention patents. Particularly, the Group owns a patented formula for the production of micro-ducts products which is effective for reducing the wear and tear of micro-ducts under harsh environment (such as sewers) whilst maintaining stable signal transmission. Among the 24 patents, 6 of them are co-owned by the Group and a major telecommunication operator. Therefore, the Group's solutions are recognised by telecommunication operators and government departments.

Revenue from deployment services of optical fibers

	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	Increase (Decrease) (%)
Revenue from deployment services of optical fibers – construction contracts			
Traditional deployment method	**80,311**	22,057	264.1
Micro-ducts and mini-cables system integration method	**35,211**	42,883	(17.9)
	115,522	64,940	77.9

The following table set forth our revenue from construction contract by major location for the periods indicated.

	Six months ended 30 Jun			
	2013		2012	
	(RMB'000)	**%**	(RMB'000)	%
Hebei Province	**47,835**	**41.5**	52,699	81.1
Beijing	**1,302**	**1.1**	3,089	4.8
Liaoning Province	**9,361**	**8.1**	7,382	11.4
Sichuan Province	**42,097**	**36.4**	—	—
Guizhou Province	**11,995**	**10.4**	—	—
Chongqing	**1,523**	**1.3**	—	—
Hunan Province	**933**	**0.8**	18	—
Others	**476**	**0.4**	1,752	2.7
Total construction contract revenue	**115,522**	**100.0**	64,940	100.0

Gross profit of deployment services of optical fibers

	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	Increase (Decrease) %
Revenue from deployment services of optical fibers – construction contracts			
Traditional deployment method	**27,041**	8,684	211.4
Micro-ducts and mini-cables system integration method	**17,411**	28,141	(38.1)
	44,452	36,825	20.7

Gross profit margin of deployment services of optical fibers

	Six months ended 30 June 2013 (%)	Six months ended 30 June 2012 (%)	Increase (Decrease) percent point
Revenue from deployment services of optical fibers – construction contracts			
Traditional deployment method	**33.7**	39.4	(5.7)
Micro-ducts and mini-cables system integration method	**49.4**	65.6	(16.2)
Overall	**38.3**	56.2	(17.9)

The gross profit margin of construction contracts of deployment services of optical fibers using traditional deployment methods decreased from approximately 39.4% in the six months ended 30 June 2012 to approximately 33.7% in the six months ended 30 June 2013. It was mainly due to the expansion of new business in Sichuan Province and Guizhou Province in which the gross profit margin was lower than the projects in Hebei Province in order to increase the market share of Sichuan Province and Guizhou Province and general decrease of gross profit margin of construction contract revenue by using traditional deployment methods.

The gross profit margin of construction contracts of deployment services of optical fibers using micro-ducts and mini-cables system integration methods decreased from approximately 65.6% in six months ended 30 June 2012 to approximately 49.4% in six months ended 30 June 2013. The decrease was primarily attributable to the fact that in last corresponding year, there were more complex projects generating relatively higher gross profit margin, in particular the projects in Chengde, Hengshui and Handan of Hebei Province and gross profit margin of these projects was approximately 70%.

Major customers and service network

Based in Hebei Province, the Group principally provides one-stop optical fiber deployment solutions for telecommunication operators in northern China. Our major customers include China Mobile Communications Corporation ("China Mobile"), a major telecommunication operator in China, and other regional telecommunication operators. As the Group maintains a favourable position in terms of resource in the industry of both micro-ducts and mini-cables system deployment technology, we obtain our contracts of that kind mainly through negotiated tender, while for traditional deployment business we mainly compete for contracts through open tender.

As of 30 June 2013, the Group's service network, including Beijing, Chongqing, Hebei Province, Shandong Province, Shaanxi Province, Hunan Province, Jiangxi Province, Liaoning Province, the Inner Mongolia Autonomous Region, Anhui Province, Henan Province, Sichuan Province and Guizhou Province.

Contract progress

Depending on the complexity of projects, the construction period for deployment of optical fibers varies between approximately seven to nine months.

	As of 30 June 2013			
	Number of projects	Total signed contract value (RMB'000)	Recognised revenue (RMB'000)	Backlog amount (RMB'000)
Micro-ducts and mini-cables system integration method	18	111,157	48,284	62,873
Projects in progress	12	87,030	48,284	38,746
Projects to commence	6	24,127	—	24,127
Traditional deployment method	110	103,244	39,400	63,844
Projects in progress	96	74,391	39,400	34,991
Projects to commence	14	28,853	—	28,853
Total	128	214,401	87,684	126,717

The estimated amount for the tender succeeded but the Group has not entered into any contract for the deployment projects of optical fibers as at 30 June 2013 amounted to approximately RMB70,000,000.

Low-voltage equipment integration business

To further broaden the revenue base, the Group acquired Shijiazhuang Qiushi Communication Facilities Co., Ltd. (石家莊求實通信設備有限公司) in 2011 to provide low-voltage equipment integration service. This business mainly provides intelligent management and monitoring solutions, such as enterprise resources planning system, intelligent office and intelligent building management systems as well as road safety monitoring system for private and public institutions in different industries. In the first half of 2013, mainly due to keen competition of the market, revenue from the low-voltage equipment integration service decreased by 30.5% to RMB9,867,000 from RMB14,201,000 in the first half of year 2012.

Prospects and future plans

With Hebei Province being our base, the Group is gradually expanding its business to the southern region of the Yangtze River as planned to actively explore new markets. On 2 and 15 May 2013, we announced to acquire 51% issued capital of each of Hunan San Cheng and Chongqing Wuyang at a cash consideration of RMB2,510,000 and RMB12,250,000 respectively. Such acquisitions not only help the Group enter into the related markets and expand its customer base, but also enhance the business and relation networks of the Group and increase revenue contribution to the Group. Chongqing Wuyang was awarded the Grade B Enterprise Qualification Certificate of Integrated Telecommunication and Information Network Systems by the MIIT and has won a number of tenders for optical fiber deployment projects in Chongqing. Currently, the awareness of micro-ducts and mini-cables system integration technology is relatively low in the new markets such as Sichuan Province, Guizhou Province, Chongqing and Hunan Province and most of our optical fiber deployment projects are using the traditional deployment method which has a lower profit margin. However, leveraging our successful experience in the markets such as Beijing, Hebei Province and Liaoning Province, the Group is actively approaching the local government authorities in the abovementioned new markets to accelerate the process of obtaining the rights in using public sewer systems to introduce the micro-ducts and mini-cables system technology to such new markets. Looking forward, we will continue to pursue our plans of entering into the major markets in southern China like Guangzhou and Shenzhen by way of submitting tenders, mergers and acquisitions or cooperation with local enterprises engaging in the optical fiber deployment business to further penetrate into the southern China market.

Premier Li Keqiang said in an executive meeting of the State Council held on 12 July 2013 that the government would boost information technology consumption, launch the "broadband China" strategy and accelerate the construction and upgrade of network and telecommunication infrastructure with a target of achieving an annual growth rate of over 20% in information technology consumption in the later three years of the "12th Five Year Plan" period, i.e. between 2016 and 2018. Meanwhile, the general expansion of coverage of 3G networks and government's striving to grant 4G licenses by the end of 2013 have also been put on the agenda. It is believed that telecommunication operators will continue to make investments in construction and upgrade of information and mobile telecommunication networks in the future. As optical fiber cables are the backbone of connecting mobile telecommunication base stations, and broadband/telecommunication networks, deployment services of optical fibers are always required by telecommunication operators no matter for their base station construction, network construction or later stage maintenance. Accordingly, the Group believes that the rapid development of telecommunication and information technology will continue to bring forth considerable development opportunities to us and the Group will grow further under such favourable business environment.

FINANCIAL REVIEW

	Six months ended 30 June		
	2013	2012	% Increase
	RMB'000	RMB'000	(Decrease)
Revenue	**127,840**	82,046	55.8
Gross Profit	**50,130**	42,370	18.3
EBITDA	**33,051**	24,722	33.7
EBITDA margin %	**25.9%**	30.1%	(4.2) percent point
Profit for the period attributable to the equity holders of the Company	**24,927**	20,651	20.7
Net profit margin	**20.2%**	25.2%	(5.0) percent point
Basic earnings per share (cents)	**1.5**	1.6	(0.1)
Return on equity *(Note 1)*	**7.7%**	7.9%	(0.2) percent point

	As at 30 June 2013	As at 31 December 2012
Current ratio	**2.2**	2.7
Gearing ratio	**24.3%**	19.8%

Note 1: Being dividing net profit for the year by the total equity

Revenue

The Group's turnover for the six months ended 30 June of 2013 was approximately RMB127,840,000, representing an increase of approximately 55.8% over the corresponding period of the previous financial year. The increase in the Group's turnover was mainly due to increase of construction contract revenue of deployment services of optical fibers.

The following table sets out the breakdown of our Group's revenue during the periods indicated:

	Six months ended 30 June		
	2013	2012	Increase (Decrease)
	RMB'000	RMB'000	%
Deployment services of optical fibers			
Construction contract revenue			
– Traditional deployment methods	**80,311**	22,057	264.1
– Micro-ducts and mini-cables system integration methods	**35,211**	42,883	(17.9)
Sub-total	**115,522**	64,940	77.9
Others			
– Services income	**1,825**	2,254	(19.0)
– Sales of goods	**594**	619	(4.0)
– Rental income	**32**	32	—
Sub-total	**2,451**	2,905	(15.6)
Low-voltage equipment integration services	**9,867**	14,201	(30.5)
Total	**127,840**	82,046	55.8

Deployment of optical fibers

Construction contract revenue

The construction contract revenue, being the income generated from our provision of the deployment services of optical fibers, was approximately RMB115,522,000 and RMB64,940,000, representing approximately 90.4% and 79.2% of the total revenue of the Group for the six months ended 30 June 2013 and 2012, respectively. The increase in construction revenue for the six months ended 30 June 2013 as compared to the same period in 2012 was mainly due to the increase in the revenue derived from the provision of deployment services of optical fibers in Sichuan Province and Guizhou Province as a result of geographical expansion of our business.

Others

The Group's revenue from others included services income, sales of goods and rental income and contributed RMB2,451,000, represented 1.9% of total revenue. Revenue from others decreased was mainly due to decrease in demand.

Low-voltage equipment integration services

The income from low-voltage equipment integration services, representing the income generated from the provision of integration services for low-voltage equipment and accessories to our clients, which include financial institutions, governmental departments, public facilities, road and transportation companies, and state-owned and private companies, was approximately RMB9,867,000, representing approximately 7.7% of our total revenue for the six months ended 30 June 2013.

Cost of Sales

The Group's cost of sales for the period ended 30 June 2013 was approximately RMB77,710,000, representing an increase of approximately 95.9% over the corresponding period of the previous year. The increase in the Group's cost of sales was due to increase of construction revenue of deployment services of optical fiber.

Gross profit

The following table sets forth the gross profit of each of our services for the periods indicated:

	Six months ended 30 June			
	2013		2012	
	RMB'000	**%**	RMB'000	%
Gross profit by services				
Construction contract revenue				
– Traditional deployment methods	**27,041**	**53.9**	8,684	20.5
– Micro-ducts and mini-cables system integration methods	**17,411**	**34.8**	28,141	66.4
Sub-total	**44,452**	**88.7**	36,825	86.9
Others				
– Services income	**195**	**0.4**	1,046	2.5
– Sales of goods	**292**	**0.6**	281	0.7
– Rental income	**18**	**–**	18	–
Low-voltage equipment integration services	**5,173**	**10.3**	4,200	9.9
	50,130	**100.0**	42,370	100.0

The following table sets forth the gross profit margin of each of our services for the periods indicated:

	Six months ended 30 June		
			Increase
	2013	2012	(Decrease)
	RMB'000	RMB'000	percent point
Gross profit margin by services			
Construction contract revenue			
– Traditional deployment methods	**33.7**	39.4	(5.7)
– Micro-ducts and mini-cables system integration methods	**49.4**	65.6	(16.2)
Overall	**38.3**	56.2	(17.9)
Others			
– Services income	**10.7**	46.4	(35.7)
– Sales of goods	**49.3**	45.4	3.9
– Rental income	**56.3**	56.3	–
Low-voltage equipment integration services	**52.4**	29.6	22.8
Total gross profit margin	**39.2**	51.6	(12.4)

There was a decrease in overall gross profit margin for the six months ended 30 June 2013 when compared with the corresponding period.

The decrease in our gross profit margin from approximately 51.6% for the six months ended 30 June 2012 to approximately 39.2% for the six months ended 30 June 2013 was primarily due to the decrease in gross profit margin of construction contract revenue in relation to deployment of optical fibers from approximately 56.2% in six months ended 30 June 2012 to approximately 38.3% in six months ended 30 June 2013 and the gross profit of which accounted for approximately 88.7% and 86.9% of total gross profit in six months ended 30 June 2013 and six months ended 30 June 2012, respectively. In general, the gross profit margin of construction contract varies with difficulties and complexities of each project.

The gross profit margin of construction contracts of deployment services of optical fibers using traditional deployment methods decreased from approximately 39.4% in six months ended 30 June 2012 to approximately 33.7% in six months ended 30 June 2013. It was mainly due to the expansion of new business in Sichuan Province and Guizhou Province in which the gross profit margin was lower than projects in Hebei Province in order to increase the market share of Sichuan Province and Guizhou Province and general decrease of gross profit margin of construction contract revenue by using traditional deployment methods.

The gross profit margin of construction contracts of deployment services of optical fibers using micro-ducts and mini-cables system integration methods decreased from approximately 65.6% in six months ended 30 June 2012 to approximately 49.4% in six months ended 30 June 2013. The decrease was primarily attributable to the fact that in last corresponding year, there were more complex projects generating relatively higher gross profit margin, in particular the projects in Chengde, Hengshui and Handan of Hebei Province and gross profit margin of these projects was approximately 70%.

The gross profit margin of services income decreased from approximately 46.4% in six months ended 30 June 2012 to approximately 10.7% in six months ended 30 June 2013. Such decrease was mainly attributable to the increase in average cost of maintenance services during the period.

The gross profit margin of sales of goods increased from approximately 45.4% in six months ended 30 June 2012 to approximately 49.3% in six months ended 30 June 2013. Such increase was mainly attributable to the sales of ancillary products to our clients at relatively higher unit selling price during the period.

There was no change in the gross profit margin of rental income.

The gross profit margin of low voltage equipment integration services increased from approximately 29.6% in six months ended 30 June 2012 to approximately 52.4% in six months ended 30 June 2013. Such increase was mainly attributable to the lower cost of sales/services during the period.

Other income

Other income mainly included the interest income received by the Group.

Other gains and losses

Other gains and losses mainly included net foreign exchange loss, impairment loss recognized for trade receivables and change in carrying amount of other borrowings.

Marketing and distribution expenses and administrative expenses

The Group's marketing and distribution expenses and administrative expenses for the six months ended 30 June 2013 were approximately RMB18,118,000, representing an increase of approximately RMB8,786,000 from approximately RMB9,332,000 for the corresponding period of the previous year. The increase was mainly because of expansion of business of the Group and increase of research and development expenses.

Finance cost

Finance cost included interest charged from bank and other borrowings. The finance cost increased was mainly due to the average principal of bank and other borrowings was higher in six months ended 30 June 2013.

Profit attributable to equity holders of the Company

The Group recorded net profit attributable to equity holders of the Company of approximately RMB24,927,000 for the six months ended 30 June 2013 compared to approximately RMB20,651,000 for the corresponding period in 2012, representing an increase of approximately 20.7%. The increase of profit attributable to equity holders was mainly due to the fact that (i) the effect of the increase in gross profit of approximately RMB7,760,000 outweighed the effects of the increase in marketing and distribution expenses and administration expenses of an aggregate amount of approximately RMB8,786,000 and increase of finance costs of RMB2,254,000; and (ii) the decrease in listing expenses of approximately RMB10,411,000.

Other matters

During the three months period ended 31 March 2013, owing to clerical errors, the Group recognized profit of RMB5,500,000 for three completed construction projects of deployment services of optical fibers in Hebei Province, the PRC when the criteria for recognition of profits could not be fulfilled at the time of recognition and at 31 March 2013. The criteria for recognition of profits of these projects could not be fulfilled at 30 June 2013 as well. Accordingly, the Group derecognized the corresponding profit retrospectively at 31 March 2013. The directors of the Company believe the retrospective adjustment would not have material impact on the Group's financial position.

Trade and bill receivables

There was an increase in trade and bills receivables as at 30 June 2013 of approximately RMB24,165,000 as compared to 31 December 2012 which was mainly due to the net effect of the settlement from customers, new trade receivables provided by the Group during the six months ended 30 June 2013 and acquisition of subsidiaries during the period.

Amount due from customers for contract works

There was an increase in the amount due from customers for contract works as at 30 June 2013 of approximately RMB85,437,000 as compared to 31 December 2012 which was mainly due to the net effect of the settlement from customers and great increase in revenue arising from the six months ended 30 June 2013 (such revenue generated had not been certified by the customers or the underlying construction had not been completed as at 30 June 2013). Since most of the revenue for six months ended 30 June 2013 was mainly arising from the construction revenue from projects in progress as at 30 June 2013 and revenue generated had not been certified by customers, and the Group acquired subsidiaries during the period, the amount due from customers for contract works increased accordingly.

Bank and other borrowings

The Group had bank and other borrowings as at 30 June 2013 amounted to RMB49,300,000 and RMB32,461,000 respectively. No financial instruments were used for hedging purposes.

Liquidity and financial resources

As at 30 June 2013, the Group had current assets of approximately RMB490,184,000 (31 December 2012: RMB393,549,000) which comprised cash and cash equivalents amounted to approximately RMB103,300,000 as at 30 June 2013 (31 December 2012: RMB130,300,000). As at 30 June 2013, the Group had non-current liabilities and current liabilities amounted to approximately RMB4,973,000 and RMB218,286,000 (31 December 2012: RMB4,113,000 and RMB147,168,000), consisting mainly of payables and, bank and other borrowings arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 2.2 as at 30 June 2013 (31 December 2012: 2.7).

The Group finances its operation primarily with the use of internally-generated cashflows and banking facilities.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 24.3% as at 30 June 2013 (31 December 2012: approximately 19.8%).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the board of Directors (the "Board") closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign exchange exposure

For the six months ended 30 June 2013, we had partial bank balances and other payables which are denominated in foreign currencies and consequently we have foreign exchange risk exposure from translation of amount denominated in foreign currencies as at the report date. During the six months ended 30 June 2013, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 12 June 2012. There has been no change in the capital structure of the Company since the listing date. The capital of the Company mainly comprises ordinary shares and capital reserves.

During the six months ended 30 June 2013, the Company granted 8,400,000 share options to an eligible participant. For further details, please refer to the section headed "Other Information – Share Option Schemes" and Note 17 to the condensed consolidated financial statements.

Capital commitments

As at 30 June 2013, the Group had no material capital commitments (31 December 2012: RMB1,600,000).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

Information on employees

As at 30 June 2013, the Group had 357 employees (31 December 2012: 248), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB8,830,397 for the six months ended 30 June 2013 as compared to approximately RMB7,520,000 for the six months ended 30 June 2012. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses will be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local PRC authorities as well as share options.

Significant investments held

Except for investment in subsidiaries, during the six months ended 30 June 2013, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Company's prospectus dated 6 June 2012 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 June 2013, the Group acquired two telecommunication construction companies which became our subsidiaries. The details of the acquisition are disclosed in announcements dated on 2 May 2013 and 15 May 2013.

Charges on assets

As at 30 June 2013, the Group had pledged bank deposit and trade receivables with carrying amount of RMB19,914,000 and RMB35,006,000 to secure the bank and other borrowings (31 December 2012: RMB20,271,000 and RMB16,137,000).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2013 (31 December 2012: Nil).

Deloitte.
德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANICAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CHINA U-TON HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China U-Ton Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 20 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410"). A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

13 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Three months ended 30 June		Six months ended 30 June	
	Notes	**2013**	2012	**2013**	2012
		RMB'000	RMB'000	**RMB'000**	RMB'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	3	**77,638**	45,633	**127,840**	82,046
Cost of sales/services		**(47,849)**	(25,899)	**(77,710)**	(39,676)
Gross profit		**29,789**	19,734	**50,130**	42,370
Other income		**613**	97	**1,261**	138
Other gains and losses	4	**(2,171)**	4	**(1,555)**	1,319
Marketing and distribution expenses		**(1,687)**	(1,622)	**(3,122)**	(2,687)
Administrative expenses		**(9,202)**	(3,776)	**(14,996)**	(6,645)
Listing expenses		**—**	(7,426)	**—**	(10,411)
Finance costs	5	**(1,439)**	(506)	**(2,981)**	(727)
Profit before taxation	6	**15,903**	6,505	**28,737**	23,357
Income tax expense	7	**(1,305)**	(1,248)	**(2,882)**	(2,706)
Profit and total comprehensive income for the period		**14,598**	5,257	**25,855**	20,651
Profit and total comprehensive income for the period attributable to:					
Equity holders of the Company		**13,670**	5,257	**24,927**	20,651
Non-controlling interests		**928**	—	**928**	—
		14,598	5,257	**25,855**	20,651
		RMB	RMB	**RMB**	RMB
Earnings per share	9				
Basic (cents)		**0.8**	0.4	**1.5**	1.6
Diluted (cents)		**0.8**	N/A	**1.5**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**14,980**	12,157
Goodwill	11	**37,148**	30,099
Intangible assets		**165**	93
Trade receivables	12	**16,492**	16,492
Deferred tax assets		**1,006**	106
Deposits paid for acquisition of property, plant and equipment		**—**	1,034
		69,791	59,981
Current assets			
Inventories		**2,566**	3,128
Trade receivables	12	**113,084**	88,919
Other receivables, deposits and prepayments	13	**23,602**	10,912
Amounts due from customers for contract work	14	**225,672**	139,745
Amounts due from related parties	18 (b)	**2,046**	—
Restricted bank deposits		**19,914**	20,545
Bank balances and cash		**103,300**	130,300
		490,184	393,549
Current liabilities			
Trade and other payables	15	**111,777**	75,449
Amounts due to related parties	18 (c)	**12,452**	1,900
Bank and other borrowings	16	**81,761**	59,703
Provision		**143**	112
Income tax payables		**12,153**	10,004
		218,286	147,168

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Net current assets	**271,898**	246,381
Total assets less current liabilities	**341,689**	306,362
Non-current liabilities		
Deferred tax liabilities	**4,973**	4,113
Net assets	**336,716**	302,249
Capital and reserves		
Share capital	**136,982**	136,982
Reserves	**191,396**	165,267
Equity attributable to owners of the Company	**328,378**	302,249
Non-controlling interests	**8,338**	—
Total equity	**336,716**	302,249

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to equity holders of the Company							
	Share capital RMB'000	Capital Reserve RMB'000	Share option reserves RMB'000	Statutory surplus reserve RMB'000 (Note (a))	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
For the six months ended 30 June 2013 (unaudited)								
Balance at 1 January 2013	**136,982**	**28,142**	**1,394**	**26,460**	**109,271**	**302,249**	**–**	**302,249**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**24,927**	**24,927**	**928**	**25,855**
Recognition of equity-settled share-based payment (Note 17)	**–**	**–**	**1,202**	**–**	**–**	**1,202**	**–**	**1,202**
Acquisition of subsidiaries (Note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**7,410**	
At 30 June 2013	**136,982**	**28,142**	**2,596**	**26,460**	**134,198**	**328,378**	**8,338**	**336,716**
For the six months ended 30 June 2012 (unaudited)								
Balance at 1 January 2012	–	42,146	–	9,347	60,676	112,169	–	112,169
Profit and total comprehensive income for the period	–		–	–	20,651	20,651	–	20,651
Capital contribution by equity participants	–	15,000	–	–	–	15,000	–	15,000
Issue of shares pursuant to the placing	34,199	82,077	–	–	–	116,276	–	116,276
Transaction costs attributable to issue of shares	–	(8,298)	–	–	–	(8,298)	–	(8,298)
Issue of shares to initial shareholders pursuant to the capitalisation issue	102,783	(102,783)	–	–	–	–	–	–
At 30 June 2012	136,982	28,142	–	9,347	81,327	255,798	–	255,798

Note:

(a) In accordance with the Articles of Association of subsidiaries established in the People's Republic of China (the "PRC") now comprising the Group, these entities are required to transfer 10% of the profit after taxation determined in accordance with the generally accepted accounting principles in the PRC to the statutory surplus reserve until the reserve reaches 50% of the registered capital of respective entities. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of these entities.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Net cash used in operating activities		**(45,707)**	(11,143)
Investing activities			
Net cash inflow on acquisition of subsidiaries	19	**938**	—
Payments for property, plant and equipment		**(2,650)**	(1,238)
Withdrawal of restricted bank deposits		**631**	4,739
Repayment from a related party		**2,654**	—
Other investing activities		**437**	28
Net cash from (used in) generated from investing activities		**2,010**	3,529
Financing activities			
Proceed from issue of shares		**—**	116,276
Transaction costs for issue of shares		**—**	(8,298)
Proceeds from new bank borrowings raised		**39,221**	10,487
Proceeds from other borrowings raised		**20,000**	21,494
Repayments of bank borrowings		**(16,105)**	(13,223)
Repayments of other borrowings		**(21,000)**	—
Repayment to related parties		**(2,422)**	(19,084)
Other financing activities		**(2,997)**	(296)
Net cash generated from financing activities		**16,697**	107,356
Net (decrease) increase in cash and cash equivalents		**(27,000)**	99,742
Cash and cash equivalents at 1 January		**130,300**	43,800
Cash and cash equivalents at 30 June, represented by bank balances and cash		**103,300**	143,542

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and with International Accounting Standard 34 "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Company and its subsidiaries' (the "Group") annual financial statements for the year ended 31 December 2012 except as described below.

In the current interim period, the Group has applied, for the first time, certain new or revised International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period. Pursuant to the amendment to IAS 1 *Presentation of items of Other Comprehensive Income*, the title of "condensed consolidated statement of other comprehensive income" is changed to "condensed consolidated statement of profit and loss and other comprehensive income". The application of other new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Mr. Jiang Changqing, an executive director, and the ultimate controlling party of the Group, is the chief operating decision maker. He reviewed the sales of major products for the purpose of resources allocation and performance assessment. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

An analysis of the Group's revenue for each reporting period is as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sales of goods	**1,237**	1,182	**2,243**	3,965
Construction contract revenue	**75,876**	43,418	**123,740**	75,795
Services income	**509**	1,017	**1,825**	2,254
Rental income	**16**	16	**32**	32
	77,638	45,633	**127,840**	82,046

Revenue from major products and services

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Deployment services of optical fibers				
– sales of goods	**48**	504	**594**	619
– provision of services	**68,120**	33,479	**115,522**	64,940
Low-voltage equipment integration services				
– sales of goods	**1,189**	678	**1,649**	3,346
– provision of services	**7,756**	9,939	**8,218**	10,855
Pipeline maintenance service	**509**	1,017	**1,825**	2,254
Rental income	**16**	16	**32**	32
	77,638	45,633	**127,840**	82,046

Geographical disclosures

The Group operates in the PRC. All of the non-current assets of the Group are located in the PRC.

The Group's revenue generated from external customers located in PRC.

4. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Other gains (losses) comprise:				
Net foreign exchange (loss) gain	**(591)**	(46)	**(762)**	30
Recovery of other receivables	**—**	12	**—**	12
Impairment loss recognised on trade receivables	**(1,580)**	—	**(1,580)**	—
Fair value adjustment on initial recognition of other borrowings	**—**	38	**—**	1,277
Change in carrying amount of other borrowings resulting from the extension of maturity (Note 16)	**—**	—	**787**	—
	(2,171)	4	**(1,555)**	1,319

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Imputed interest expenses on other borrowings	**194**	315	**730**	384
Interest on other borrowings	**506**	24	**929**	47
Interest on bank borrowings wholly repayable within five years	**739**	167	**1,322**	296
	1,439	506	**2,981**	727

6. PROFIT BEFORE TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit before taxation has been arrived at after charging:				
Depreciation of property, plant and equipment	**762**	372	**1,325**	634
Amortisation of intangible assets	**4**	3	**8**	4
Research expenses	**481**	345	**1,134**	431

7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax:				
PRC enterprise income tax	**1,469**	1,076	**2,602**	2,091
Deferred tax:				
Current year	**(444)**	(139)	**(457)**	(101)
Withholding tax	**280**	311	**737**	716
	(164)	172	**280**	615
	1,305	1,248	**2,882**	2,706

8. DIVIDENDS

No dividends have been paid, declared or proposed during the current and prior interim period.

The directors of the Company ("Directors") do not recommend the payment of an interim dividend.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share	**13,670**	5,257	**24,927**	20,651

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
	’000	’000	**’000**	’000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,680,000**	1,352,308	**1,680,000**	1,306,154
Effect of dilutive potential ordinary shares arising from issue of share options by the Company	**1,352**		**1,686**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,681,352**		**1,681,686**	

For the reporting periods ended 30 June 2012, the calculations of basic earnings per share are based on 1,260,000,000 shares in issue on the assumption that the Group reorganisation, except for the acquisition of Shijiazhuang Qiushi, and capitalisation issue as disclosed in the section of “History, development and reorganisation – Reorganisation” and “Statutory and general information” in the prospectus issued by the Company dated 6 June 2012 respectively had been completed on 1 January 2012.

No diluted earnings per share are presented for the period ended 30 June 2012 as there was no potential ordinary shares outstanding during that period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired property, plant and equipment amounting to approximately RMB3,684,000 (six months ended 30 June 2012: RMB1,326,000), including an amount of RMB1,034,000 (six months ended 30 June 2012: RMB88,000) transferred from deposits paid for acquisition of property, plant and equipment.

11. GOODWILL

Goodwill has been allocated to the following groups of cash-generated units:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Deployment services of optical fibers (Note 19)	7,049	—
Low-voltage equipment integration services	30,099	30,099
	37,148	30,099

12. TRADE RECEIVABLES

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Trade receivables	114,846	89,101
Less: Allowance for impairment of receivables	(1,762)	(182)
	113,084	88,919
Trade receivables – non-current portion	16,492	16,492
	129,576	105,411

Included in the Group's trade receivables is a balance with amount of RMB26,303,000, which is repayable by annual installments over a period of 10 years which is non-interest bearing. A fair value adjustment at an effective interest rate of 8.4% amounting to RMB6,692,000 has been recognised at initial recognition. Details of this receivable outstanding at 30 June 2013 are as follows:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Receivable:		
Within one year	**3,943**	3,119
In two to five years	**13,252**	13,252
Over five years	**3,240**	3,240
	20,435	19,611
Less: amount receivable within one year	**(3,943)**	(3,119)
Amount receivable after one year	**16,492**	16,492

The collection period of the majority of other trade receivables ranges from 30 to 180 days from the invoice date during the reporting periods. No interest is charged on the outstanding balance. There is no credit term granted to customers.

The following is an aged analysis of trade receivables by invoice/completion certificate date at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Within 90 days	**55,789**	77,718
91 to 180 days	**8,524**	784
181 to 365 days	**40,711**	2,913
1 to 2 years	**3,521**	4,292
2 to 3 years	**596**	93
	109,141	85,800
Trade receivable repayable by installments	**20,435**	19,611
Total trade receivables	**129,576**	105,411

As at 30 June 2013, retentions held by customers for contract works included in trade receivables amounted to approximately RMB8,940,000 (31 December 2012: RMB6,925,000).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Other receivables – non-trade	**3,734**	3,649
Advances to suppliers	**5,823**	3,518
Tender deposits	**3,731**	1,584
Performance deposits	**6,970**	781
Other deposits	**536**	306
Others	**2,808**	1,074
	23,602	10,912

The non-trade other receivables represent the amounts advance to independent third parties for their short term financing purpose. The amounts are unsecured, interest-free and expected to be recovered within twelve months from the end of respective reporting period.

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Amounts due from customers for contract work represents contracts in progress at the end of the reporting period. There is a substantial increase in the amounts due from customers for contract work as of 30 June 2013 comparing to 31 December 2012 because most projects commenced in the current interim period are not completed or the projects are not certified by customers.

15. TRADE AND OTHER PAYABLES

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Trade payables	**87,803**	54,323
Other payables	**7,907**	4,993
Other tax payables	**10,696**	7,728
Accrued payroll	**5,371**	8,405
	111,777	75,449

The following is an aged analysis of trade payables by invoice date at the end of the reporting period:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Within 90 days	**68,130**	37,453
91 to 180 days	**7,757**	6,357
181 to 365 days	**8,776**	6,829
1 to 2 years	**3,097**	3,684
2 to 3 years	**43**	—
	87,803	54,323

16. BANK AND OTHER BORROWINGS

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Secured bank borrowings	**49,300**	26,184
Other borrowings – interest bearing	**20,000**	15,000
Other borrowings – interest free	**12,461**	18,519
	81,761	59,703

As at 30 June 2013, all the secured bank borrowings are carried at floating rate, secured by a charge over certain of the Group's trade receivables and repayable within one year from the end of the reporting period and are denominated in RMB.

As at 30 June 2013, the interest bearing other borrowings of RMB20,000,000 (31 December 2012: RMB15,000,000) represent the advances from independent third parties which carried a fixed interest ranged from 9.6% to 11% (31 December 2012: 9.6% to 12%) per annum. These borrowings are repayable within one year from the date of drawdown. The other borrowings are denominated in RMB.

During the current interim period, the Group made certain repayments to an independent third party, with principal amounts of RMB6,000,000 in aggregate and other borrowings amounting to RMB13,000,000 was extended with terms and conditions remained unchanged at the date of maturity, which is unsecured and repayable one year from the respective date of extension. The change in carrying amount of other borrowings resulting from extension of maturity amounting to RMB787,000 was credited as other gains. The imputed interest of these interest free borrowings which amounted to RMB730,000 (six months ended 30 June 2012: RMB384,000) was recognised as finance costs for the six months ended 30 June 2013.

17. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 27 May 2012 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The following table discloses details of the Group's share options held by the eligible participant and movements in such holdings under the Scheme during the current period.

				Number of Options ('000)			
	Date of grant	**Exercise period**	**Exercise price**	**Outstanding at 1 January 2013**	**Granted during the period**	**Exercised during the period**	**Outstanding at 30 June 2013**
			HK$				
Share option	14.8.2012	15.8.2012 to 14.8.2022	0.65	6,720	—	—	6,720
Share option	3.6.2013	4.6.2013 to 3.6.2018	0.82	—	8,400	—	8,400

On 3 June 2013, the Group granted share options to an eligible participant (the "Grantee") to subscribe for a total of 8,400,000 ordinary shares of HK$0.82 per share under the Scheme, subject to acceptance of the Grantee. Such options vested on the grant date and the fair value of the options determined at the date of grant using the Binomial model was HK$1,510,000 (approximately RMB1,202,000).

The closing price of the Group's share immediately before 3 June 2013, the date of grant, was HK$0.82 per share.

The following assumptions were used to calculate the fair value of share options

Share price (HK$)	0.82
Exercise price (HK$)	0.82
Assumed time to maturity	2.5 years
Risk-free interest rate	0.30%
Annualised volatility	38%
Expected dividend yield	1.51%

The Binomial Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimation. Changes in variables and assumptions may result in changes in the fair value of the options.

18. RELATED PARTY BALANCES AND TRANSACTIONS

(a) For the current interim period, the following parties are identified as related party to the Group and the respective relationships are set out below:

Name of related party	Relationship
Xianghong Communication Equipment Co. Ltd. ("Xianghong")	Controlled by Mr. Zeng Hong
Mr. Liu Zhiyong	Non-controlling shareholder of a subsidiary
Mr. Liu Zhao	Non-controlling shareholder of a subsidiary
Mr. Zeng Hong	Non-controlling shareholder of a subsidiary
Mr. Li Qingli	Shareholder and director of the Company

(b) At 30 June 2013 and 31 December 2012, the Group has amounts receivable from the following related parties and the details are set out below:

Name of related party	**30 June 2013 RMB'000 (unaudited)**	31 December 2012 RMB'000
Non-trade nature		
Xianghong	**1,301**	—
Mr. Liu Zhiyong	**403**	—
Mr. Liu Zhao	**342**	—
	2,046	—

The non-trade amounts at 30 June 2013 were unsecured, repayable on demand and interest-free.

(c) At 30 June 2013 and 31 December 2012, the Group has amounts payable to the following related parties and the details are set out below:

Name of related party	**30 June 2013 RMB'000 (unaudited)**	31 December 2012 RMB'000
Non-trade nature		
Mr. Zeng Hong	**2,702**	—
Mr. Liu Zhiyong	**9,750**	—
Mr. Li Qingli	**—**	1,900
	12,452	1,900

The amounts are unsecured, interest-free and payable on demand.

(d) The remuneration paid and payable to the key management of the Company who are also the directors for the current interim period amounted to RMB763,000 (six months ended 30 June 2012: RMB268,000).

19. ACQUISITION OF SUBSIDIARIES

On 2 May 2013, the Group acquired 51% equity interest in 湖南三成通信建設有限公司 (Hunan San Cheng Communication Construction Co. Ltd) ("Hunan San Cheng") for a cash consideration of RMB2,510,000. Hunan San Cheng is principally engaged in communication construction and sale of communication equipment.

On 15 May 2013, the Group acquired 51% equity interest in 重慶五洋通信技術有限公司 (Chongqing Wuyang Communication Technology Co. Ltd) ("Chongqing Wuyang") for a combined consideration of cash of RMB12,250,000 and contingent consideration based on Chongqing Wuyang's profit guarantee provided by the vendor, an independent third party prior to the completion of the acquisition of Chongqing Wuyang.

In accordance with the signed agreement, the vendor of Chongqing Wuyang agreed to commit to the following profit guarantee: (1) The audited net profit of Chongqing Wuyang for the year ending 31 December 2013 (calculated on yearly basis according to the IFRSs) would not be less than RMB10,000,000; (2) The compound growth rate of the audited net profit of Chongqing Wuyang for the year ending 31 December 2014 and 2015 (calculated on yearly basis according to the IFRSs) would not be less than 20%. If Chongqing Wuyang fails to achieve the profit guarantee stated in (1) and (2), the vendor undertakes to pay the Group 51% of any profit guarantee shortfall.

Consideration transferred

	Hunan San Cheng RMB'000	Chongqing Wuyang RMB'000	Total RMB'000
Cash consideration paid	—	2,500	2,500
Consideration payables (included in amounts due to related parties)	2,510	9,750	12,260
Fair value of profit guarantee (provisional value)	—	—	—
	2,510	12,250	14,760

Acquisition-related costs have been excluded from the cost of acquisition and have been recognised as administrative expenses in condensed consolidated statement of profit or loss and other comprehensive income in current period.

The allocation of the purchase price to the identifiable assets and liabilities being acquired in these business combinations are currently being determined and has not been completed due to the complexity involved in identifying and valuing the underlying assets. In addition, the fair value of the contingent consideration in respect of acquisition of Chongqing Wuyang has been estimated on a provisional basis and subject to finalisation of the valuation report. In the meantime, the provisional goodwill in an aggregate amount of RMB7,049,000 had been recognised.

The provisional values of the assets and liabilities of Hunan San Cheng and Chongqing Wuyang at the date of acquisition are as follows:

	Hunan San Cheng RMB'000	**Chongqing Wuyang** RMB'000	**Total** RMB'000
Current assets			
Cash and cash equivalents	250	3,188	3,438
Trade and other receivables	538	23,939	24,477
Amounts due from a related party	3,955	—	3,955
Amounts due from customers for contract work	2,222	31,719	33,941
Non-current assets			
Property, plant and equipment	164	300	464
Backlog	—	80	80
Deferred tax assets	—	443	443
Current liabilities			
Trade and other payables	(2,490)	(46,379)	(48,869)
Amounts due to related parties	(235)	(479)	(714)
Income tax payables	—	(1,971)	(1,971)
Non-current liabilities			
Deferred tax liabilities	(123)	—	(123)
Net assets	4,281	10,840	15,121

The trade and other receivables and amounts due from related parties acquired at the date of acquisition with a fair value of RMB28,717,000 had gross contractual amounts of RMB30,571,000. The best estimate at acquisition dates of the cash flows not expected to be collected is RMB1,854,000.

Non-controlling interests

The non-controlling interest (49%) in Hunan San Cheng and Chongqing Wuyang recognised at the acquisition date was measured based on the proportionate share of the acquirees' net identifiable assets determined on a provisional basis which amounted to approximately RMB2,098,000 and approximately RMB5,312,000 respectively.

Goodwill arising on acquisition (determined on a provisional basis)

	Hunan San Cheng RMB'000	Chongqing Wuyang RMB'000	Total RMB'000
Consideration	2,510	12,250	14,760
Plus: non-controlling interests	2,098	5,312	7,410
Less: net assets acquired	(4,281)	(10,840)	(15,121)
Goodwill arising on acquisition	327	6,722	7,049

Goodwill arose on the acquisition of Hunan San Cheng and Chongqing Wuyang is attributable to its anticipated profitability and enhances the Group's competitiveness in Hunan and Chongqing and will promote the Group's micro-ducts and mini-cable system integration methods for optical fibers deployment projects in the PRC.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	Hunan San Cheng RMB'000	Chongqing Wuyang RMB'000	Total RMB'000
Consideration paid in cash	—	2,500	2,500
Less: cash and cash equivalent balances acquired	(250)	(3,188)	(3,438)
	(250)	(688)	(938)

Impact of acquisition on the results of the Group

Included in the revenue and profit for the interim period was approximately RMB12,705,000 and RMB2,190,000 respectively attributable to the additional business generated by Hunan San Cheng. Included in the revenue and loss for the interim period was approximately RMB1,523,000 and RMB298,000 respectively attributable to the additional business generated by Chongqing Wuyang.

Had the acquisition of Hunan San Cheng and Chongqing Wuyang been effected at 1 January 2013, the revenue of the Group for current period would have been approximately RMB150,873,000, and the profit for the period ended 30 June 2013 would have been approximately RMB23,106,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2013, nor is intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group, had Hunan San Cheng and Chongqing Wuyang been acquired on 1 January 2013, the Directors have calculated amortisation of intangible asset acquired on the basis of their provisional fair values rather than the carrying amounts recognised in the pre-acquisition financial statements.

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

21. CAPITAL COMMITMENTS

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**—**	1,600

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 26 July 2013, the Directors approved the issue of a bond of a face value of HK$10 million (approximately RMB7.96 million). The bond is unsecured with a maturity period of 2 years and carried a fixed coupon rate where interest is to be payable annually.

OTHER INFORMATION

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

Comparison of Future Plans with the Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the period ended 30 June 2013. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the content requires otherwise.

Business plan as set out in the Prospectus	Actual business progress up to 30 June 2013
1. Further strengthening our deployment services of optical fibers in the PRC	
(i) Investment in equipment	The Group has purchased various equipment, spare parts of equipment and motor vehicles for construction projects.
(ii) Market expansion	The Group has built three experimental sections and purchased motor vehicles for marketing purposes. In addition, the Group has established one representative office in Hebei Province.
(iii) Securing strategic assets/rights	The Group has continued to communicate with relevant governmental department of some provinces in the PRC.
(iv) Acquisition	The Group completed two acquisitions which are located in Hunan Province and Chongqing.
(v) Human resources	The Group has employed additional technical and management staff and provided relevant training to new and existing staff.
(vi) Research and development	The Group has continued to conduct research and development on technology related to micro-ducts and mini-cables system integration methods, especially the application in sewer system.
2. Expanding our business of low-voltage equipment integration services in the PRC	
(i) Sales and marketing	The Group has employed additional staff to strengthen sales and marketing network. In addition, the Group is conducting research on appropriate sales and marketing activities to promote reputation.

As of the date of this report, the Directors had no intention to make any changes to the business plan.

Use of Proceeds

The net proceeds from the Placing were approximately HK$108.7 million (equivalent to approximately RMB88.7 million). The net proceeds from the Listing Date to 30 June 2013 had been applied as follows:

		Use of proceeds from the Listing Date to period ending 30 June 2013 as shown in the Prospectus HK$ (million)	Actual use of proceeds from the Listing Date to 30 June 2013 HK$ (million)
1.	Further strengthening our deployment services of optical fibers in the PRC		
	(i) Investment in equipment	16.42	—
	(ii) Market expansion	13.06	3.50
	(iii) Securing strategic assets/rights	19.76	—
	(iv) Acquisition	12.20	3.20
	(v) Human resources	2.00	1.74
	(vi) Research and development	1.90	1.50
	Sub-total	65.34	9.94
2.	Expanding our business of low-voltage equipment integration services in the PRC		
	(i) Sales and marketing	1.80	—
3.	Repayment of bank and other borrowings	14.30	11.60
4.	General working capital (Note)	8.40	8.40
Total		89.84	29.94

Note: The amount of general working capital had been reduced from HK$11.1 million to HK$8.4 million to reflect the difference of the estimated amount of net proceeds shown in the Prospectus amounted to HK$111.4 million and the final net proceeds of HK$108.7 million.

The future plans and prospects as stated in the Prospectus were derived from the Group's reasonable estimation of the future market conditions based on the information available at the time of preparing the Prospectus. As of the date of this report, the Directors are not aware of material change to the planned use of the proceeds from the plan as stated in the Prospectus.

SHARE OPTION SCHEMES

The Company has adopted a share option scheme (the "Share Option Scheme") on 27 May 2012. The principal terms of the two schemes were summarised in the sections headed "Other information – Share Option Scheme" in Appendix IV to the Prospectus.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

Movements of the options, which have been granted under the Share Option Scheme, during the six months ended 30 June 2013, are set out below:

	Number of share options									
Category of Participants	Outstanding as at 1 January 2013	Granted during the period	Reclassified during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2013	Date of grant	Closing price as at date of grant HK$	Exercise price HK$	Option Exercisable and vesting period
Employee (Note) (Other than the directors, chief executives and substantial shareholders)	6,720,000	–	–	–	–	6,720,000	14.08.2012	0.65	0.65	15.08.2012 – 14.08.2022
	–	8,400,000	–	–	–	8,400,000	03.06.2013	0.82	0.82	04.06.2013-03.06.2018
	6,720,000	8,400,000	–	–	–	15,120,000				

Note: The employee works under employment contracts that is regard as "continuous contracts" for the purpose of the employment ordinance.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Company's shares were listed on GEM of the Stock Exchange on 12 June 2012. As at 30 June 2013, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 were 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Jiang Changqing	Our Company	Interest of a controlled corporation (Note 2)	1,008,000,000 Shares (L)	60%
	Bright Warm Limited	Beneficial owner	1 share (L)	100%
Ms. Guo Aru	Our Company	Family (Note 3)	1,008,000,000 Shares (L)	60%
	Bright Warm Limited	Family (Note 3)	1 share (L)	100%
Mr. Li Qingli	Our Company	Interest of a controlled corporation (Note 4)	151,000,000 Shares (L)	8.99%

Notes:

1. The letter "L" denotes the Directors' long position in the shares of our Company or the relevant associated corporation.
2. The Shares are held by Bright Warm Limited, the entire issued capital of which is beneficially owned by Mr. Jiang Changqing, one of the controlling shareholders of our Company and an executive Director.
3. Ms. Guo Aru is the spouse of Mr. Jiang Changqing. Therefore, Ms. Guo Aru is deemed to be interested in the 1,008,000,000 Shares owned by Mr. Jiang Changqing in the Company and 1 share owned by Mr. Jiang Changqing in Bright Warm Limited by virtue of the SFO.
4. The Shares are held by Ordillia Group Limited, the entire issued capital of which is beneficially owned by Mr. Li Qingli, one of the substantial shareholders of our Company and an executive Director.

Save as disclosed above, as at 30 June 2013, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of 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 were 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2013, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	**Name of Group member**	**Capacity/ nature of interest**	**Number and class of securities** (Note 1)	**Approximate percentage of shareholding**
Bright Warm Limited (Note 2)	Our Company	Beneficial owner	1,008,000,000 Shares (L)	60%
Ordillia Group Limited (Note 3)	Our Company	Beneficial owner	151,000,000 Shares (L)	8.99%
Ms. Ren Yanping	Our Company	Family (Note 4)	151,000,000 Shares (L)	8.99%

Notes:

1. The letter "L" denotes the person's long position in the shares of our Company or the relevant Group member.

2. Bright Warm Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. Jiang Changqing, one of the controlling shareholders of our Company and an executive Director. Therefore, Mr. Jiang Changqing is also deemed to be interested in the 1,008,000,000 Shares owned by Bright Warm by virtue of the SFO.

3. Ordillia Group Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. Li Qingli, one of the substantial shareholders of our Company and an executive Director. Therefore, Mr. Li Qingli is also deemed to be interested in the 151,000,000 Shares owned by Ordillia by virtue of the SFO.

4. Ms. Ren Yanping is the spouse of Mr. Li Qingli. Therefore, Ms. Ren Yanping is deemed to be interested in the 151,000,000 Shares owned by Mr. Li Qingli by virtue of the SFO.

Save as disclosed above, as at 30 June 2013, the Directors were not aware of any other persons/ entities (other than the Directors and chief executive of the Company) who had interests or short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company's shares were listed on GEM of the Stock Exchange on 12 June 2012. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013, except as disclosed in the Prospectus.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Guotai Junan Capital Limited ("Guotai Junan"), the compliance adviser of the Company, neither Guotai Junan nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 June 2013, except as disclosed in the Prospectus.

Guotai Junan will receive fees for acting as the compliance adviser of the Company.

COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 June 2013 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors from 1 January 2013 up to and including 30 June 2013.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules from 1 January 2013 up to and including 30 June 2013, except code provisions A.2.1 as more particularly described below.

Code provision A2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Jiang Changqing to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Jiang Changqing. The Group also has in place an internal control system to perform the check and balance function. There are also three independent non-executive Directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee internal control procedures of the Company. The audit committee comprises three independent non-executive Directors, namely Ms. Li Xiaohui (chairman of the audit committee), Mr. Meng Fanlin and Mr. Wang Haiyu.

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2013 have not been audited by the Company's auditors, but have been reviewed by the audit committee in accordance with Rule 5.30 of the GEM Listing Rules and who is of the opinion that the financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
China U-Ton Holdings Limited
Jiang Changqing
Chairman and Executive Director

Hong Kong, 13 August 2013

As at the date of this announcement, the executive Directors are Mr. Jiang Changqing, Ms. Guo Aru and Mr. Li Qingli, the independent non-executive Directors are Mr. Meng Fanlin, Mr. Wang Haiyu and Ms. Li Xiaohui.

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. This announcement will also be posted on the website of the Company at www.chinauton.com.