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山西長城微光器材股份有限公司

**SHANXI CHANGCHENG MICROLIGHT EQUIPMENT CO. LTD.\***

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 8286)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**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 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.**

*This announcement, for which the directors of Shanxi Changcheng Microlight Equipment Co. Ltd. (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 for the purpose of giving information with regard to the Company. The directors of the Company, 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.*

\* For identification purpose only

## FINANCIAL RESULTS

The board of directors (the “Board”) of Shanxi Changcheng Microlight Equipment Co. Ltd. (the “Company”) announce the unaudited consolidated results of the Company and its subsidiary (collectively referred to as the “Group”) for the six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding period in 2014, as follows:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

|                                                              |       | For the three months<br>ended 30 June |                   | For the six months ended<br>30 June |                   |
|--------------------------------------------------------------|-------|---------------------------------------|-------------------|-------------------------------------|-------------------|
|                                                              |       | 2015                                  | 2014              | 2015                                | 2014              |
|                                                              | Notes | RMB'000                               | RMB'000           | RMB'000                             | RMB'000           |
| <b>Revenue</b>                                               | 2     | <b>15,475</b>                         | 13,115            | <b>26,953</b>                       | 21,320            |
| Cost of sales                                                |       | <u>(12,821)</u>                       | <u>(10,429)</u>   | <u>(22,171)</u>                     | <u>(17,156)</u>   |
| <b>Gross profit</b>                                          |       | <b>2,654</b>                          | 2,686             | <b>4,782</b>                        | 4,164             |
| Other income, gains and losses                               |       | <b>302</b>                            | 417               | <b>543</b>                          | 701               |
| Selling and distribution expenses                            |       | <b>(1,702)</b>                        | (291)             | <b>(1,997)</b>                      | (501)             |
| Administrative and other operating expenses                  |       | <b>(3,018)</b>                        | (3,338)           | <b>(6,624)</b>                      | (6,948)           |
| Finance costs                                                |       | <b>(293)</b>                          | (284)             | <b>(566)</b>                        | (475)             |
| Share of loss of an associate                                |       | <u><b>(31)</b></u>                    | <u>—</u>          | <u><b>(55)</b></u>                  | <u>—</u>          |
| <b>Loss before tax</b>                                       | 4     | <b>(2,088)</b>                        | (810)             | <b>(3,917)</b>                      | (3,059)           |
| Income tax                                                   | 5     | <u>—</u>                              | <u>—</u>          | <u>—</u>                            | <u>—</u>          |
| <b>Loss for the period</b>                                   |       | <b>(2,088)</b>                        | (810)             | <b>(3,917)</b>                      | (3,059)           |
| Other comprehensive income for the period                    |       | <u>—</u>                              | <u>—</u>          | <u>—</u>                            | <u>—</u>          |
| <b>Total comprehensive expense for the period</b>            |       | <u><b>(2,088)</b></u>                 | <u>(810)</u>      | <u><b>(3,917)</b></u>               | <u>(3,059)</u>    |
| Total comprehensive expense attributable to:                 |       |                                       |                   |                                     |                   |
| Owners of the Company                                        |       | <b>(2,083)</b>                        | (810)             | <b>(3,905)</b>                      | (3,059)           |
| Non-controlling interest                                     |       | <u><b>(5)</b></u>                     | <u>—</u>          | <u><b>(12)</b></u>                  | <u>—</u>          |
|                                                              |       | <u><b>(2,088)</b></u>                 | <u>(810)</u>      | <u><b>(3,917)</b></u>               | <u>(3,059)</u>    |
| <b>Loss per share attributable to owners of the Company:</b> |       |                                       |                   |                                     |                   |
| — Basic and diluted                                          | 6     | <u><b>RMB(0.006)</b></u>              | <u>RMB(0.003)</u> | <u><b>RMB(0.012)</b></u>            | <u>RMB(0.010)</u> |

# Consolidated Statement of Financial Position

As at 30 June 2015

|                                                           | Notes | 30 June<br>2015<br>RMB'000<br>(Unaudited) | 31 December<br>2014<br>RMB'000<br>(Audited) |
|-----------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|
| <b>NON-CURRENT ASSETS</b>                                 |       |                                           |                                             |
| Property, plant and equipment                             |       | 82,080                                    | 84,373                                      |
| Land use rights                                           |       | 11,560                                    | 11,706                                      |
| Interests in associates                                   |       | 645                                       | —                                           |
| <b>Total non-current assets</b>                           |       | <b>94,285</b>                             | <b>96,079</b>                               |
| <b>CURRENT ASSETS</b>                                     |       |                                           |                                             |
| Inventories                                               |       | 22,508                                    | 22,539                                      |
| Trade receivables                                         | 8     | 19,192                                    | 15,996                                      |
| Prepayments, deposits and other receivables               |       | 3,696                                     | 2,079                                       |
| Due from a shareholder                                    |       | 593                                       | 593                                         |
| Due from a former related company                         |       | 4,283                                     | 4,283                                       |
| Cash and cash equivalents                                 |       | 1,950                                     | 1,233                                       |
| <b>Total current assets</b>                               |       | <b>52,222</b>                             | <b>46,723</b>                               |
| <b>CURRENT LIABILITIES</b>                                |       |                                           |                                             |
| Trade payables                                            | 9     | 8,994                                     | 8,399                                       |
| Accrued liabilities, deposits received and other payables |       | 31,640                                    | 24,387                                      |
| Due to a shareholder                                      |       | 14,400                                    | 14,400                                      |
| Bank loan                                                 |       | 14,976                                    | 15,000                                      |
| <b>Total current liabilities</b>                          |       | <b>70,010</b>                             | <b>62,186</b>                               |
| <b>NET CURRENT LIABILITIES</b>                            |       | <b>(17,788)</b>                           | <b>(15,463)</b>                             |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>              |       | <b>76,497</b>                             | <b>80,616</b>                               |
| <b>NON-CURRENT LIABILITIES</b>                            |       |                                           |                                             |
| Deferred government grants                                |       | 12,991                                    | 13,193                                      |
| <b>Total non-current liabilities</b>                      |       | <b>12,991</b>                             | <b>13,193</b>                               |
| <b>NET ASSETS</b>                                         |       | <b>63,506</b>                             | <b>67,423</b>                               |
| <b>EQUITY</b>                                             |       |                                           |                                             |
| Share capital                                             |       | 30,886                                    | 30,886                                      |
| Reserves                                                  |       | 32,568                                    | 36,473                                      |
| Equity attributable to owners of the Company              |       | 63,454                                    | 67,359                                      |
| Non-controlling interest                                  |       | 52                                        | 64                                          |
| <b>TOTAL EQUITY</b>                                       |       | <b>63,506</b>                             | <b>67,423</b>                               |

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

|                                            | Equity attributable to owners of the Company |                 |                           |                   |               | Non-controlling interest | Total equity  |
|--------------------------------------------|----------------------------------------------|-----------------|---------------------------|-------------------|---------------|--------------------------|---------------|
|                                            | Share capital                                | Capital surplus | Statutory surplus reserve | Retained earnings | Total equity  |                          |               |
|                                            | RMB'000                                      | RMB'000         | RMB'000                   | RMB'000           | RMB'000       | RMB'000                  | RMB'000       |
| At 1 January 2014                          | 30,886                                       | 18,561          | 11,853                    | 17,365            | 78,665        | —                        | 78,665        |
| Total comprehensive expense for the period | —                                            | —               | —                         | (3,059)           | (3,059)       | —                        | (3,059)       |
| <b>At 30 June 2014</b>                     | <b>30,886</b>                                | <b>18,561</b>   | <b>11,853</b>             | <b>14,306</b>     | <b>75,606</b> | <b>—</b>                 | <b>75,606</b> |
| At 1 January 2015                          | 30,886                                       | 18,561          | 11,853                    | 6,059             | 67,359        | 64                       | 67,423        |
| Total comprehensive expense for the period | —                                            | —               | —                         | (3,905)           | (3,905)       | (12)                     | (3,917)       |
| <b>At 30 June 2015</b>                     | <b>30,886</b>                                | <b>18,561</b>   | <b>11,853</b>             | <b>2,154</b>      | <b>63,454</b> | <b>52</b>                | <b>63,506</b> |

## Consolidated Statement of Cash Flows

*For the six months ended 30 June 2015*

|                                                              | For the six months<br>ended 30 June |                   |
|--------------------------------------------------------------|-------------------------------------|-------------------|
|                                                              | 2015                                | 2014              |
|                                                              | <i>RMB'000</i>                      | <i>RMB'000</i>    |
| Net cash flows generated from/(used in) operating activities | 2,579                               | (8,725)           |
| Net cash flows used in investing activities                  | (1,296)                             | (799)             |
| Net cash flows used in financing activities                  | <u>(566)</u>                        | <u>(3,475)</u>    |
| Increase/(Decrease) in cash and cash equivalents             | 717                                 | (12,999)          |
| Cash and cash equivalents at 1 January                       | <u>1,233</u>                        | <u>13,452</u>     |
| Cash and cash equivalents at 30 June                         | <u><u>1,950</u></u>                 | <u><u>453</u></u> |

## **NOTES TO THE ACCOUNTS**

### **1. BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at fair values.

These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **2. REVENUE**

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowances for returns, trade discounts and other taxes related to sales where applicable.

### **3. SEGMENT INFORMATION**

The Group’s revenue and contribution to loss were mainly derived from its sale of fiber optic inverters, fiber optic straight plates, fiber optic face plates, fiber optic tapers, and microchannel plates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the directors of the Company, being the chief operating decision maker (“CODM”), for purposes of resource allocation and performance assessment. The measures of loss and of total assets and liabilities are consistent with the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position which are reported internally to the CODM. Accordingly, no segment analysis is presented other than entity-wide disclosures.

## Entity-wide disclosures

### (i) Information about products

The following table sets forth the total sales to external customers by product and the percentage of total revenue by product:

|                             | For the six months<br>ended 30 June |            |               |            |
|-----------------------------|-------------------------------------|------------|---------------|------------|
|                             | 2015                                |            | 2014          |            |
|                             | RMB'000                             | %          | RMB'000       | %          |
| Fiber optic inverters       | 16,705                              | 62         | 11,021        | 52         |
| Fiber optic straight plates | 3,483                               | 13         | 4,761         | 22         |
| Fiber optic face plates     | 635                                 | 2          | 295           | 1          |
| Fiber optic tapers          | 1,063                               | 4          | 2,350         | 11         |
| Microchannel plates         | 4,957                               | 18         | 2,802         | 13         |
| Others                      | 110                                 | 1          | 91            | 1          |
|                             | <u>26,953</u>                       | <u>100</u> | <u>21,320</u> | <u>100</u> |

### (ii) Geographical information

The Group principally operates in the PRC and the Group's non-current assets are all located in Shanxi, the PRC.

The following is an analysis of the Group's revenue from external customers by geographical location:

|           | For the six months<br>ended 30 June |               |
|-----------|-------------------------------------|---------------|
|           | 2015                                | 2014          |
|           | RMB'000                             | RMB'000       |
| The PRC   | 3,356                               | 2,636         |
| Hong Kong | 1,524                               | 1,795         |
| Europe    | <u>22,073</u>                       | <u>16,889</u> |
|           | <u>26,953</u>                       | <u>21,320</u> |

(iii) *Information about major customers*

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

|            | <b>For the six months<br/>ended 30 June</b> |                |
|------------|---------------------------------------------|----------------|
|            | <b>2015</b>                                 | <b>2014</b>    |
|            | <b>RMB'000</b>                              | <b>RMB'000</b> |
| Customer A | 7,281                                       | 10,281         |
| Customer B | 6,311                                       | 2,148          |
| Customer C | <u>5,790</u>                                | <u>2,035</u>   |

**4. LOSS BEFORE TAX**

| <b>For the six months<br/>ended 30 June</b> |                |
|---------------------------------------------|----------------|
| <b>2015</b>                                 | <b>2014</b>    |
| <b>RMB'000</b>                              | <b>RMB'000</b> |

Loss before tax is arrived at after charging:

|                                               |            |            |
|-----------------------------------------------|------------|------------|
| Cost of inventories sold                      | 22,171     | 17,156     |
| Depreciation of property, plant and equipment | 2,637      | 2,458      |
| Amortisation of land use right                | <u>146</u> | <u>146</u> |

**5. INCOME TAX**

| <b>For the six months<br/>ended 30 June</b> |                |
|---------------------------------------------|----------------|
| <b>2015</b>                                 | <b>2014</b>    |
| <b>RMB'000</b>                              | <b>RMB'000</b> |

|                                   |          |          |
|-----------------------------------|----------|----------|
| Current PRC Enterprise Income Tax | —        | —        |
| Deferred tax                      | <u>—</u> | <u>—</u> |
| Total tax charge                  | <u>—</u> | <u>—</u> |

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2015 and 2014. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

According to the applicable Enterprise Income Tax Law of the PRC, the Company, which operates in the Taiyuan Economic and Technology Development Zone, the PRC, and which is registered as a New and High Technical Enterprise, is entitled to a concessionary Enterprise Income Tax rate of 15% for 3 years. For the six months ended 30 June 2015 and 2014, the Company was still entitled to a concessionary Enterprise Income Tax rate of 15%.



## 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and six months ended 30 June 2015 of approximately RMB2,083,000 and RMB3,905,000 respectively (For the three months and six months ended 30 June 2014: RMB810,000 and RMB3,059,000 respectively) and 308,860,000 (2014: 308,860,000) shares in issue during the period. There were no diluted potential ordinary shares in issue during the six months ended 30 June 2015 and 2014.

## 7. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 June 2015 (For the six months ended 30 June 2014: Nil).

## 8. TRADE RECEIVABLES

An aged analysis of the trade receivables is as follows:

|               | <b>30 June<br/>2015<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2014<br/>RMB'000<br/>(Audited)</b> |
|---------------|-----------------------------------------------------|-------------------------------------------------------|
| 0–90 days     | <b>14,404</b>                                       | 11,760                                                |
| 91–180 days   | <b>3,702</b>                                        | 2,045                                                 |
| 181–365 days  | <b>1,038</b>                                        | 590                                                   |
| Over 365 days | <b>48</b>                                           | 1,601                                                 |
|               | <b><u>19,192</u></b>                                | <b><u>15,996</u></b>                                  |

The trading terms with customers are largely on credit. The credit period is generally 90 days.

## 9. TRADE PAYABLES

An aged analysis of the trade payables is as follows:

|               | <b>30 June<br/>2015<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2014<br/>RMB'000<br/>(Audited)</b> |
|---------------|-----------------------------------------------------|-------------------------------------------------------|
| 0–90 days     | <b>3,676</b>                                        | 3,990                                                 |
| 91–180 days   | <b>2,055</b>                                        | 2,067                                                 |
| 181–365 days  | <b>1,568</b>                                        | 1,088                                                 |
| Over 365 days | <b>1,695</b>                                        | 1,254                                                 |
|               | <b><u>8,994</u></b>                                 | <b><u>8,399</u></b>                                   |

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group continued to be principally engaged in design, research, development, manufacture, and sale of image transmission fibre optic products.

Image transmission fibre optics products manufactured by the Group are image transmission devices containing a rigidly bundle of optical fibres arranged in an ordered fashion so that images can be transmitted from one end of the optical fibre bundle and displayed on the other end of the bundle. A typical image transmission fibre optic product of the Group would consist of over 10 million optical fibres.

The Group currently produces five products including fibre optic inverters; fibre optic straight plates; fibre optic face plates; fibre optic tapers; and microchannel plates.

Details of total sales to external customers by product and the percentage of total revenue by product for the six months ended 30 June 2015 and 2014 are set out in notes (3) above.

### **Financial Review**

Turnover of the Group for the six months ended 30 June 2015 was approximately RMB26,953,000 (For the six months ended 30 June 2014: RMB21,320,000), representing an increase of approximately 26% as compared to that of the previous financial period.

Cost of sales of the Group for the six months ended 30 June 2015 was approximately RMB22,171,000 (For the six months ended 30 June 2014: RMB17,156,000), representing an increase of approximately 29% as compared to that of the previous financial period.

The gross profit margin the six months ended 30 June 2015 was 17.7% (For the six months ended 30 June 2014: 19.5%).

Administrative and other operating expenses of the Group for the six months ended 30 June 2015 was approximately of RMB6,624,000 (For the six months ended 30 June 2014: RMB6,948,000), representing a decrease of approximately RMB324,000 as compared to that of the previous financial period.

The loss after tax for the six months ended 30 June 2015 of the Group was approximately RMB3,917,000 (For the six months ended 30 June 2014: RMB3,059,000).

## **Going Concern**

The Group incurred a net loss from its operating activities during the six months ended 30 June 2015 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB17,788,000. In addition, the Group had an outstanding bank loan approximately RMB14,976,000 which was overdue and an amount due to a shareholder amounting to RMB14,400,000 which is repayable on demand. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

To address the issue of going concern, the directors of the Company have taken/will take the following steps:

- strengthen the management of overdue trade receivable;
- implement measures to improve gross profit margin of the Group's products;
- implement stringent cost control measures; and
- consider seek further financial support from its shareholders, if appropriate.

## **Financial Support**

As the Group incurred net losses for since 2011, the Group had obtained financial support from its banker and its shareholder. As at 30 June 2015, the Group had outstanding bank loan approximately RMB14,976,000 and amount due to Taiyuan Changcheng Optics Electronics Industrial Corporation, a shareholder of the Company, amounting to RMB14,400,000.

## **Disagreement of Interest Charged by Taiyuan Changcheng**

The Company had obtained financial support from its major shareholder — Taiyuan Changcheng Optics Electronics Industrial Corporation ("Taiyuan Changcheng") since the late of 2011. As at 31 December 2011, 2012, 2013, 2014, and 30 June 2015, the amount due to Taiyuan Changcheng was RMB500,000, RMB12,400,000, RMB14,400,000, RMB14,400,000 and RMB14,400,000 respectively.

In June 2015, Taiyuan Changcheng informed the shareholder representatives of the Company that interest will be charged for certain amount of financial support provided to the Company. The interest was approximately RMB222,000, RMB334,000, and RMB594,000 for the years of 2012, 2013, and 2014 respectively. The estimated interest for the six months ended 30 June 2015 was approximately RMB297,000. The total interest was approximately RMB1,447,000.

The management of the Company disagreed the interest charged by Taiyuan Changcheng. The interest RMB1,447,000 was not accrued in the profit and loss accounts of the Company as the management of the Company understand that the financial support provided by Taiyuan Changcheng was on an interest-free basis. The management of the Company is in negotiation with Taiyuan Changcheng.

### **Bank Loan**

Reference is made to the announcement of the Company dated 12 June 2015, the Group's bank loan amounting to RMB15,000,000 was expired on 28 May 2015 and RMB24,000 was repaid thereafter. As at 30 June 2015, the Group had outstanding bank loan approximately RMB14,976,000. The bank loan was overdue since 29 May 2015 and is secured by the Company's land use right located at No. 7, Dianzi Street, Taiyuan City, Shanxi Province, the PRC.

### **Financial Assistance to Related Parties**

As at 30 June 2015, the amount due from a shareholder — Taiyuan Tanghai Automatic Control Company Limited was approximately RMB593,000 (31 December 2014: RMB593,000).

As at 30 June 2015, the amount due from a former related company — Shanxi Jindi Yucheng Medical Equipments Company Limited (formerly known as Taiyuan Huamei Medical Equipments Company Limited) was approximately RMB4,283,000 (31 December 2014: RMB4,283,000).

### **Liquidity and Financial Resources**

As at 30 June 2015, the total assets of the Group increased by approximately RMB3,705,000 to approximately RMB146,507,000 as compared to approximately RMB142,802,000 as at the end of the previous financial year, representing an increase of approximately 3%.

As at 30 June 2015, the total liabilities of the Group increased by approximately RMB7,622,000 to approximately RMB83,001,000 as compared to approximately RMB75,379,000 as at the end of the previous financial year, representing an increase of approximately 10%.

As at 30 June 2015, the total equity of the Group decreased by approximately RMB3,917,000 to approximately RMB63,506,000 as compared to approximately RMB67,423,000 as at the end of the previous financial year, representing a decrease of approximately 6%.

### **Gearing Ratio**

As at 30 June 2015, the gearing ratio of the Group (defined as net debt divided by total share capital plus net debt) was approximately 44% (31 December 2014: 48%).

### **Significant Investment Held**

As at 30 June 2015, the Group held interest in associates with the carrying amount of approximately RMB645,000 (31 December 2014: Nil).

### **Acquisition and Disposal of Subsidiaries**

The Group had no other acquisition and disposal of subsidiaries during the six months ended 30 June 2015.

### **Pledge of Assets**

As at 30 June 2015, the Group's land with the carrying value of approximately RMB11,560,000 (31 December 2014: RMB11,706,000) was pledged to a bank as securities for the borrowing facilities of the Group.

### **Contingent Liabilities**

As at 30 June 2015, the Group had no contingent liabilities.

### **Exposure of Fluctuation in Exchange Rates**

A majority of the Group's sales was denominated in US Dollars and Euro while a majority of the Group's cost of sales and capital and operating expenses were denominated in RMB. Accordingly, the directors of the Company are of the view that, the Group is exposed to foreign exchange risk arising from the exposure of RMB against US Dollars and Euro respectively.

### **Employee Information**

As at 30 June 2015, the Group had approximately 566 full-time employees. The Group remunerates its employees based on their experience, performance and value, which they contribute to the Group.

## OTHER INFORMATION

### Directors' and Supervisors' Interests or Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 30 June 2015, the directors or supervisors of the Company who had interests or short positions 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”)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### *Long positions in the shares and underlying shares of the Company*

| Name           | Nature and capacity in the shareholding of the Company | Number and type of domestic shares/H shares  | Approximate percentage of holding of the domestic shares of the Company* | Approximate percentage of holding of the H shares of the Company* | Approximate percentage of holding of the total share capital of the Company* |
|----------------|--------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------|
| Zhang Shao Hui | Interest in a controlled corporation                   | 82,200,000 domestic shares<br>(Note 1 and 2) | 41.34%                                                                   | —                                                                 | 26.61%                                                                       |
| Yuan Guo Liang | Personal Interest and family Interest                  | 3,895,000 H shares (Note 3)                  | —                                                                        | 3.54%                                                             | 1.26%                                                                        |

\* Shareholding percentages have been rounded to the nearest two decimal places.

#### *Notes:*

1. Part of these domestic shares (57,300,000 domestic shares) is registered in the name of Beijing Gensir Venture Capital Management Limited (“Beijing Gensir”). Beijing Gensir is owned as to 100% by Zhang Shao Hui. As Zhang Shao Hui is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Beijing Gensir, for the purpose of the SFO, Zhang Shao Hui is deemed to be interested in the entire 57,300,000 domestic shares held by Beijing Gensir.
2. Part of these domestic shares (24,900,000 domestic shares) is registered in the name of Taiyuan Tanghai Automatic Control Company Limited (“Taiyuan Tanghai”). Taiyuan Tanghai is owned as to approximately 36.37% by Beijing Gensir. As Beijing Gensir is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the propose of the SFO, Zhang Shao Hui is deemed to be interested in the entire 24,900,000 domestic shares held by Taiyuan Tanghai.
3. 3,645,000 H shares are registered in the name of Yuan Guo Liang and 250,000 H shares are registered in the name of his spouse.

Save as disclosed above, as at 30 June 2015, none of the directors or supervisors of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

### Substantial Shareholders

As at 30 June 2015, so far as the directors of the Company are aware, persons other than Directors or supervisors of the Company who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

| Name                                                         | Nature and capacity in the shareholding of the Company                                          | Number and type of domestic shares/H shares | Approximate percentage of holding of the domestic shares of the Company* | Approximate percentage of holding of the H shares of the Company* | Approximate percentage of holding of the total share capital of the Company* |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>Domestic Shares:</b>                                      |                                                                                                 |                                             |                                                                          |                                                                   |                                                                              |
| Beijing Gensir Venture Capital Management Limited            | Registered and beneficial owner of the domestic shares and interest in a controlled corporation | 82,200,000 domestic shares<br>(Note 1)      | 41.34%                                                                   | —                                                                 | 26.61%                                                                       |
| Taiyuan Changcheng Optics Electronics Industrial Corporation | Registered and beneficial owner of the domestic shares                                          | 80,160,000 domestic shares                  | 40.31%                                                                   | —                                                                 | 25.95%                                                                       |
| Liaoning Shuguang Industrial Group Company Limited           | Registered and beneficial owner of the domestic shares                                          | 34,000,000 domestic shares                  | 17.10%                                                                   | —                                                                 | 11.01%                                                                       |

| Name                                              | Nature and capacity in the shareholding of the Company | Number and type of domestic shares/H shares | Approximate percentage of holding of the domestic shares of the Company* | Approximate percentage of holding of the H shares of the Company* | Approximate percentage of holding of the total share capital of the Company* |
|---------------------------------------------------|--------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------|
| Li Jin Dian                                       | Interest in a controlled corporation                   | 34,000,000 domestic shares<br>(Note 2)      | 17.10%                                                                   | —                                                                 | 11.01%                                                                       |
| Liu Gui Ying                                      | Family interest                                        | 34,000,000 domestic shares<br>(Note 2)      | 17.10%                                                                   | —                                                                 | 11.01%                                                                       |
| Taiyuan Tanghai Automatic Control Company Limited | Registered and beneficial owner of the domestic shares | 24,900,000 domestic shares                  | 12.52%                                                                   | —                                                                 | 8.06%                                                                        |
| Liu Jiang                                         | Interest in a controlled corporation                   | 24,900,000 domestic shares<br>(Note 3)      | 12.52%                                                                   | —                                                                 | 8.06%                                                                        |
| Qiu Gui Qin                                       | Family interest                                        | 24,900,000 domestic shares<br>(Note 3)      | 12.52%                                                                   | —                                                                 | 8.06%                                                                        |
| <b>H Shares:</b>                                  |                                                        |                                             |                                                                          |                                                                   |                                                                              |
| Kwong Tat Finance Limited                         | Registered and beneficial owner of H shares            | 33,975,000 H shares (Note 4)                | —                                                                        | 30.89%                                                            | 11.00%                                                                       |
| Cai Zheng                                         | Interest in a controlled corporation                   | 33,975,000 H shares (Note 4)                | —                                                                        | 30.89%                                                            | 11.00%                                                                       |

\* Shareholding percentages have been rounded to the nearest two decimal places.

*Notes:*

- Part of these domestic shares (57,300,000 domestic shares) is registered in the name of Beijing Gensir Venture Capital Management Limited (“Beijing Gensir”). Beijing Gensir is owned as to 100% by Zhang Shao Hui. The rest of these domestic shares (24,900,000) are registered in the name of Taiyuan Tanghai Automatic Control Company Limited (“Taiyuan Tanghai”). Taiyuan Tanghai is owned as to approximately 36.37% by Beijing Gensir. As Beijing Gensir is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the purpose of the SFO, Beijing Gensir is deemed to be interested in the entire 57,300,000 domestic shares held by Beijing Gensir and 24,900,000 domestic shares held by Taiyuan Tanghai.



2. These 34,000,000 domestic shares are registered in the name of Liaoning Shuguang Industrial Group Company Limited (“Liaoning Shuguang”). Liaoning Shuguang is owned as to approximately 48.11% by Li Jin Dian. As Li Jin Dian is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Liaoning Shuguang, for the purpose of the SFO, Li Jin Dian is deemed to be interested in the entire 34,000,000 domestic shares held by Liaoning Shuguang. Liu Gui Ying, as the spouse of Li Jin Dian, is taken to be interested in the shares held by Li Jin Dian by virtue of Part XV of the SFO.
3. These 24,900,000 domestic shares are registered in the name of Taiyuan Tanghai. Taiyuan Tanghai is owned as to approximately 47.29% by Liu Jiang. As Liu Jiang is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the purpose of the SFO, Liu Jiang is deemed to be interested in the entire 24,900,000 domestic shares held by Taiyuan Tanghai. Qiu Gui Qin, as the spouse of Liu Jiang, is taken to be interested in the shares held by Liu Jiang by virtue of Part XV of the SFO.
4. These 33,975,000 H shares are registered in the name of Kwong Tat Finance Limited. For the purpose of the SFO, Cai Zheng is deemed to be interested in the 33,975,000 H shares held by Kwong Tat Finance Limited.

Save as disclosed above, the directors of the Company are not aware of other person who, as at 30 June 2015, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### **Share Option Scheme**

The Group do not have share option scheme.

### **Directors’ and Supervisors’ Rights to Acquire H Shares**

During the six months ended 30 June 2015, none of the directors or supervisors of the Company was granted options to subscribe for H shares of the Company. As at 30 June 2015, none of the directors or supervisors of the Company nor their spouses or children under the age of 18 had any right to acquire H shares of the Company or had exercised any such right during the period.

### **Directors’ and Supervisors’ Interest in Contracts**

The directors of the Company believe that, no contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the six months ended 30 June 2015 or at any time during the period.

### **Competing Interests**

The directors of the Company believe that none of the directors, supervisors and the management shareholders of the Company nor any of their respective associates (as defined under the GEM Listing Rules) have engaged in any business which competes or may compete with the business of the Group during the six months ended 30 June 2015.

## **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2015.

## **Audit Committee**

In compliance with Rules 5.28 and 5.33 of the GEM Listing Rules, the Company has established an audit committee. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Ni Guo Qiang, Mr. Li Li Cai, and Ms. Zhang Zhi Hong. Ms. Zhang Zhi Hong has been appointed as the chairman of the audit committee. The audit committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015.

## **Corporate Governance Practice**

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code except for the following:

The directors of the Company are appointed for a term of three years, and are subject to re-election for appointment by shareholders at the general meeting by the end of each of three-year period. At the annual general meetings of the Company dated 30 May 2014 and 5 August 2014, the attending shareholders proposed to delay in changing the composition of the Board and had no casting of vote of the relevant resolutions regarding the re-election of the respective directors. Therefore, Mr. Tian Qun Xu, Mr. Zhang Shao Hui, Mr. Yuan Guo Liang, Mr. Ni Guo Qiang, Mr. Li Li Cai, Mr. Duan Zhong and Ms. Zhang Zhi Hong have not been re-elected for appointment as the directors of the Company upon the end of three-year period since their last appointment. In addition, Mr. Wang Wen Sheng is subject to re-election after the expiry of three-year service period in July 2015. However, no re-election of Mr. Wang Wen Sheng was proposed to the annual general meeting of the Company dated 10 June 2015. Each of Mr. Wang Wen Sheng, Mr. Tian Qun Xu, Mr. Zhang Shao Hui, Mr. Yuan Guo Liang, Mr. Ni Guo Qiang, Mr. Li Li Cai, Mr. Duan Zhong and Ms. Zhang Zhi Hong continue to act as directors of the Company.

Mr. Wang Wen Sheng was elected as the Chairman of the Board in 2013. The Chairman of the Board and the Chief Executive Officer are currently held by Mr. Wang Wen Sheng. The Board believes that this is the best interest to the Group to keep Mr. Wang as the Chief Executive Officer of the Company at the current stage due to the fact that Mr. Wang is familiar with the Group's operation.

## Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 June 2015. Having made specific enquiry of all directors of the Company, 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 of the Company.

By order of the Board  
**Shanxi Changcheng Microlight Equipment Co. Ltd.**  
**Wang Wen Sheng**  
*Chairman*

Taiyuan City, Shanxi Province, the PRC, 13 August 2015

*As at the date of this announcement, the Board comprises nine directors, of which three are executive directors, namely Mr. Wang Wen Sheng, Mr. Tian Qun Xu and Mr. Guo Xu Zhi; two non-executive directors, namely Mr. Zhang Shao Hui and Mr. Yuan Guo Liang; and four independent non-executive directors, namely Mr. Ni Guo Qiang, Mr. Li Li Cai, Mr. Duan Zhong and Ms. Zhang Zhi Hong.*

*This announcement will remain on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at <http://www.sxccoe.com>.*