

**Greater China Precision
Components Limited**

Condensed Consolidated Financial Statements
For the Six Months ended 30 June 2011

**Greater China Precision Components Limited
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For the Six Months ended 30 June 2011**

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Greater China Precision Components Limited
Condensed Consolidated Statement of Comprehensive (Loss) / Income
For the Six Months ended 30 June 2011

	Note	Six months ended 30 June	
		(Unaudited)	
		2011	2010
		RMB'000	RMB'000
Revenue	21	155,187	150,291
Cost of sales		(128,785)	(118,377)
Gross profit		26,402	31,914
Other revenue	4	924	655
Net (loss)/gain arising from financial assets at fair value through profit or loss		(2,218)	5,258
Selling and distribution costs		(2,664)	(2,710)
Administrative expenses		(20,845)	(19,528)
Finance costs		(233)	(75)
Profit before income tax	5	1,366	15,514
Income tax expenses	6	(1,034)	(3,542)
Profit for the period		332	11,972
Other comprehensive loss			
Exchange difference arising on translation of foreign operations		(385)	(585)
Total comprehensive (loss)/income for the period		(53)	11,387
Earnings per share	8		
Basic		0.01	0.45
Diluted		N/A	N/A

Greater China Precision Components Limited
Condensed Consolidated Statement of Financial Position
At 30 June 2011

	<i>Note</i>	30 June 2011 <i>(Unaudited)</i> RMB'000	<i>31 December</i> <i>2010</i> <i>(Audited)</i> RMB'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	229,592	235,018
Land use rights		19,657	19,890
Deposits for acquisition of property, plant and equipment		21,575	5,493
		270,824	260,401
CURRENT ASSETS			
Land use rights		465	465
Financial assets at fair value through profit or loss	10	16,147	18,705
Inventories		83,722	54,947
Trade and notes receivables	11	137,064	135,438
Deposits, prepayments and other receivables		5,059	5,594
Restricted cash	12	5,693	6,941
Cash and bank balances	13	64,794	42,970
		312,944	265,060
TOTAL ASSETS		583,768	525,461
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	14	340,273	340,273
Treasury shares		(891)	(464)
Reserves		91,352	99,689
TOTAL EQUITY		430,734	439,498
CURRENT LIABILITIES			
Bank advances for discounted notes	11(a)	6,363	-
Trade and notes payables	15	103,615	65,190
Accrued expenses and other payables	16	33,796	18,827
Amounts due to directors		529	523
Dividend payables	7	7,756	-
Income tax payable		975	1,423
TOTAL LIABILITIES		153,034	85,963
TOTAL EQUITY AND LIABILITIES		583,768	525,461

Greater China Precision Components Limited
Condensed Consolidated Statement of Changes in Equity
(Unaudited)
For the Six Months ended 30 June 2011

	<i>Share capital RMB'000</i>	<i>Treasury shares RMB'000</i>	<i>Merger reserve RMB'000 (Note)</i>	<i>Statutory reserves RMB'000</i>	<i>Exchange reserve RMB'000</i>	<i>Retained earnings RMB'000</i>	<i>Total RMB'000</i>
At 1 January 2010	340,273	(2,499)	(56,863)	26,539	(3,743)	112,741	416,448
Total comprehensive income for the period	-	-	-	-	(585)	11,972	11,387
Dividend for 2009	-	-	-	-	-	(7,823)	(7,823)
Repurchase of shares	-	(1,125)	-	-	-	-	(1,125)
Cancellation of shares	-	3,456	-	-	-	(3,456)	-
At 30 June 2010	<u>340,273</u>	<u>(168)</u>	<u>(56,863)</u>	<u>26,539</u>	<u>(4,328)</u>	<u>113,434</u>	<u>418,887</u>
At 1 January 2011	340,273	(464)	(56,863)	31,535	(4,494)	129,511	439,498
Total comprehensive loss for the period	-	-	-	-	(385)	332	(53)
Dividend for 2010 (Note 7)	-	-	-	-	-	(7,756)	(7,756)
Repurchase of shares	-	(955)	-	-	-	-	(955)
Cancellation of shares	-	528	-	-	-	(528)	-
At 30 June 2011	<u>340,273</u>	<u>(891)</u>	<u>(56,863)</u>	<u>31,535</u>	<u>(4,879)</u>	<u>121,559</u>	<u>430,734</u>

Note : Merger reserve arises from the acquisition of two subsidiaries by the Company.

Greater China Precision Components Limited
Condensed Consolidated Statement of Cash Flows
For the Six Months ended 30 June 2011

	Six months ended 30 June	
	(Unaudited)	
	2011	2010
	RMB'000	RMB'000
Operating activities		
Cash from operations	39,233	26,909
Interest received	186	167
Income tax paid	(1,482)	(2,728)
Net cash from operating activities	37,937	24,348
Investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	-	14,306
Acquisition of financial assets at fair value through profit or loss	-	(2,260)
Payments to acquire property, plant and equipment	(2,203)	(12,757)
Deposits paid for acquisitions of property, plant and equipment	(19,042)	(7,573)
Net cash used in investing activities	(21,245)	(8,284)
Financing activities		
Repurchase of shares	(955)	(1,125)
Increase/(decrease) in bank advances for discounted bills	6,363	(8,301)
Interest paid	(233)	(75)
Net cash from/(used in) financing activities	5,175	(9,501)
Net increase in cash and cash equivalents	21,867	6,563
Effect of foreign currency translation on cash and cash equivalents	(43)	(449)
Cash and cash equivalents at beginning of period	42,970	30,521
Cash and cash equivalents at end of period	64,794	36,635
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	64,794	36,635

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

1. General Information

Greater China Precision Components Limited (the “Company”) is currently a public listed company and its shares are listed in the Entry Market of the Frankfurt Stock Exchange. The Company and its subsidiaries (collectively the “Group”) are engaged in the manufacture and spray paint of mobile handset casings. The principal place of business is located in Huizhou, Guangdong Province, the People’s Republic of China (the “PRC”).

Particular of the Company’s subsidiaries at 30 June 2011, all of which are wholly owned, are as follows :-

<i>Name of subsidiaries</i>	<i>Place of incorporation</i>	<i>Principal activities</i>
Pacific Ocean Investments Limited (“Pacific Ocean”)	Hong Kong	Investment holding
Smooth Year Group Limited (“Smooth Year”)	British Virgin Islands	Investment holding
Green Precision Components (Huizhou) Co., Ltd. (“Huizhou Green”)	The PRC	Manufacture and spray paint of mobile handset casings and provision of handset assembling services

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the Group operates.

2. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

3. Significant Accounting Policies

- (a) The condensed consolidated financial statements have been prepared on the historical cost basis except for the revaluation of financial assets at fair value through profit or loss.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except for those described in note 3(b) to the condensed consolidated financial statements.

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

3. Significant Accounting Policies (Cont'd)

- (b) In the current period, the Group has applied for the first time the following new and revised IFRSs, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2011.

Amendment to IAS 32	Classification of Rights Issues
Amendments to IFRS 2	Share-based payment – Group Cash-settled Share-based Payment Transactions
Improvements to IFRSs (2009)	Amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36 and IAS 39
Improvements to IFRSs (2010)	Amendments to IFRS 3, IAS 21, IAS 28, IAS 31, IAS 32, IAS 39.

The initial application of these International Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

- (c) The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. Other Revenue

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB'000	RMB'000
Bank interest income	186	167
Others	738	488
	924	655

5. Profit before Income Tax

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB'000	RMB'000
Profit before income tax is arrived at after charging :-		
Amortisation of land use rights	233	233
Depreciation	12,725	9,878
Provision for doubtful debts	2,415	469
Provision for obsolete inventories	1,514	1,561

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

6. Income Tax

The Company is subject to Singapore income tax at tax rate of 17%. It had no chargeable income for income tax purposes for the reporting periods.

Smooth Year was incorporated in the British Virgin Islands (“BVI”) and is not subject to income tax under the BVI current tax law.

Pacific Ocean is subject to Hong Kong profits tax at tax rate of 16.5% on the estimated assessable profit for the reporting periods. It had no chargeable income for income tax purposes for the reporting periods.

Huizhou Green is subject to PRC enterprise income tax (“EIT”) at tax rate of 25%. As approved by the PRC tax authority, Huizhou Green is entitled to two years’ tax exemption, from the first profit making calendar year of operations after offset of accumulated taxable losses, followed by 50% tax reduction for the immediate next three calendar years. Huizhou Green’s tax holiday commenced in year 2007.

The income tax expense in the condensed consolidated statement of comprehensive (loss)/income represents provision for PRC EIT.

At 30 June 2011, the Group was in a position to control the dividend policies of Huizhou Green and had no intention to declare dividend from Huizhou Green’s profits earned after 1 January 2008 in the foreseeable future. In this regard, no deferred tax liabilities had been recognised in respect of the temporary differences of approximately RMB96,825,000 (31 December 2010 : RMB93,830,000) associated with Huizhou Green’s undistributed earnings.

7. Dividend

A final dividend of RMB0.30 per share totalling RMB7,756,000 for the year ended 31 December 2010 was declared and approved during the current reporting period.

The directors do not recommend the payment of any dividend for the period ended 30 June 2011.

8. Earnings Per Share

The calculation of basic earnings per share is based on profit for the period of RMB332,000 (2010 : RMB11,972,000) and the weighted average number of ordinary shares in issue during the period of 25,962,918 (2010 : 26,302,752).

Diluted earnings per share amount has not been disclosed as there were no dilutive options and other potential dilutive ordinary shares in issue during the current and preceding reporting periods.

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

9. Property, Plant and Equipment

	<i>Construction in progress RMB'000</i>	<i>Buildings RMB'000</i>	<i>Leasehold improvements RMB'000</i>	<i>Motor vehicles RMB'000</i>	<i>Furniture, fixtures and equipment RMB'000</i>	<i>Plant and machinery RMB'000</i>	<i>Total RMB'000</i>
Cost :-							
At 1 January 2011	742	109,018	1,326	4,667	34,611	147,151	297,515
Exchange difference	-	-	-	(10)	-	-	(10)
Additions	-	1,538	-	508	1,012	4,247	7,305
At 30 June 2011	742	110,556	1,326	5,165	35,623	151,398	304,810
Accumulated depreciation :-							
At 1 January 2011	-	2,998	1,326	3,445	7,836	46,892	62,497
Exchange difference	-	-	-	(4)	-	-	(4)
Charge for the period	-	1,801	-	223	3,105	7,596	12,725
At 30 June 2011	-	4,799	1,326	3,664	10,941	54,488	75,218
Net book value :-							
At 30 June 2011	742	105,757	-	1,501	24,682	96,910	229,592
At 31 December 2010	742	106,020	-	1,222	26,775	100,259	235,018

10. Financial Assets at Fair Value through Profit or Loss

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Listed equity securities in the United States, at market value	16,147	18,705

The market value of the Group's investments in listed equity securities was determined directly by reference to their published price quotations in active markets at 30 June 2011.

11. Trade and Notes Receivables

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Trade receivables	88,228	43,099
Provision for doubtful debts	(4,411)	(2,153)
	83,817	40,946
Notes receivables	53,247	94,492
	137,064	135,438

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
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11. Trade and Notes Receivables (Cont'd)

Notes :-

- (a) The Group transferred two notes amounting to approximately RMB6,363,000 (31 December 2010 : Nil) to a bank in exchange for cash at 30 June 2011. The transactions have been accounted for as collateralised bank advances.
- (b) At 30 June 2011, notes receivables of approximately RMB10,904,000 (31 December 2010 : RMB6,709,000) was pledged to the bank to secure the notes payables (Note 15) issued by the Group.

12. Restricted Cash

The restricted cash was pledged to banks to secure the notes payables (Note 15) issued by the Group.

13. Cash and Bank Balances

At 30 June 2011, 86% of the cash and bank balances was denominated in RMB, 6% was denominated in Euro and the remaining 8% was denominated in other foreign currencies. Conversion of the balances in RMB into foreign currencies is subject to the rules and regulations on foreign exchange controls promulgated by the PRC government.

14. Share Capital

Ordinary shares with no par value

Issued and fully paid :-	<i>Number of shares</i>	<i>RMB'000</i>
As at 1 January 2011	26,100,000	340,273
Cancellation of repurchased shares	<u>(100,000)</u>	<u>-</u>
As at 30 June 2011	<u>26,000,000</u>	<u>340,273</u>

The Company has no authorised share capital.

During the current reporting period, the Company completed the buy-back of 160,280 ordinary shares under its share buy back program. The total consideration for shares bought back from the market is approximately RMB955,000, being an average market price, including incidental costs, of RMB5.96 per share. 12,880 of these shares were immediately cancelled upon the repurchase and the aggregate consideration paid of approximately RMB64,000 was deducted from retained earnings. The remaining 147,400 repurchased shares, which were held by the Company at 30 June 2011 and with aggregate consideration paid of approximately RMB891,000, were classified as a deduction from equity under "Treasury shares".

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14. Share Capital (Cont'd)

In addition, 87,120 treasury shares with aggregate consideration paid of approximately RMB464,000 were cancelled during the current reporting period. An amount equivalent to the consideration paid was deducted against retained earnings.

15. Trade and Notes Payables

	30 June 2011 (Unaudited) RMB'000	<i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>RMB'000</i>
Trade payables	92,467	44,533
Notes payables	11,148	20,657
	<u>103,615</u>	<u>65,190</u>

Notes :-

- (a) The notes payables were secured by the Group's notes receivables (Note 11(a)) and restricted cash (Note 12).
- (b) At 30 June 2011, approximately RMB344,000 (31 December 2010 : RMB1,265,000) of these notes payables were issued by the Group for the acquisition of property, plant and equipment.

16. Accrued Expenses and Other Payables

Included in other payables was an amount of approximately RMB11,806,000 (31 December 2010 : RMB8,743,000) representing the unpaid portion for acquisition of property, plant and equipment.

17. Retirement Benefit Costs

The Group participates in the statutory defined contribution retirement scheme for its employees in the PRC. Contributions are made based on a certain percentage of the local standard basic salaries and are charged to profit or loss in the year in which they become payable.

Pension scheme costs charged to profit or loss represent contributions paid and payable by the Group to the scheme and amounted to approximately RMB490,000 for the six months ended 30 June 2011 (2010 : RMB499,000).

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

18. Performance Share Scheme

The Group has a Performance Share Scheme (“PSS”) to provide an opportunity for directors (including non-executive directors) and employees of the Group who have met performance targets to be remunerated not just through cash bonuses but also by an equity stake in the Company.

The total number of new shares which may be issued pursuant to awards granted under the PSS shall not exceed 3% of the issued share capital of the Company on the day preceding the relevant date of award.

The PSS shall continue in force for a maximum period of 10 years commencing on the date the PSS is adopted by the Company in general meeting, provided always that the PSS may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSS, any awards made to participants prior to such expiry or termination will continue to remain valid.

No awards were granted, forfeited, cancelled or exercised during the current and preceding reporting periods.

19. Related Party Transactions

(a) Apart from the transactions disclosed elsewhere in the financial statements, the Group had no other material transactions with its related party during the period.

(b) Key management personnel compensation	Six months ended 30 June	
	(Unaudited)	
	2011	2010
	RMB'000	RMB'000
Salaries, wages and other benefits	156	276

20. Commitments

(a) At 30 June 2011, the Company had capital commitments in respect of acquisition of property, plant and equipment, which were contracted but not provided for, of approximately RMB21,102,000 (31 December 2010 : RMB3,253,000).

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

20. Commitments (Cont'd)

- (b) At 30 June 2011, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows :-

	30 June 2011 (Unaudited) RMB'000	<i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>RMB'000</i>
Within one year	654	654
Two to five years	126	428
	780	1,082

The leases are negotiated for an average terms of two years with fixed monthly rentals and for the Group's manufacturing facilities and staff quarters.

21. Segment Reporting

The following tables present revenue and results for the Group's reportable segments.

	<i>Manufacture of mobile handset casings</i>		<i>Spray paint of mobile handset casings</i>		<i>Corporate</i>		<i>Total</i>	
	<i>Six months ended 30 June (Unaudited)</i>		<i>Six months ended 30 June (Unaudited)</i>		<i>Six months ended 30 June (Unaudited)</i>		<i>Six months ended 30 June (Unaudited)</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	155,187	149,571	-	720	-	-	155,187	150,291
Other revenue	901	537	-	3	23	5,373	924	5,913
	156,088	150,108	-	723	23	5,373	156,111	156,204
Segment results	3,610	10,001	-	48	(2,197)	5,373	1,413	15,422
Interest income							186	167
Finance costs							(233)	(75)
Profit before income tax							1,366	15,514

All of the segment revenue reported above is from external customers.

Segment results represents the profit earned by each segment without allocation of interest income and finance costs. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Greater China Precision Components Limited
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
For the Six Months ended 30 June 2011

21. Segment Reporting (Cont'd)

The following is an analysis of the Group's assets by reporting segments :-

	<i>Manufacture of mobile handset casings</i>		<i>Spray paint of mobile handset casings</i>		<i>Corporate</i>		<i>Total</i>	
	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (audited) RMB'000</i>
Segment assets	<u>567,285</u>	<u>505,279</u>	<u>-</u>	<u>1,290</u>	<u>16,483</u>	<u>18,892</u>	<u>583,768</u>	<u>525,461</u>

The Group's business participates in three principal geographical areas : PRC, Taiwan and others. The geographical segment information for the reporting period is as follows :-

	<i>PRC</i>		<i>Taiwan</i>		<i>Others</i>		<i>Total</i>	
	<i>Six months ended 30 June 2011 (Unaudited) RMB'000</i>	<i>2010 (Audited) RMB'000</i>	<i>Six months ended 30 June 2011 (Unaudited) RMB'000</i>	<i>2010 (Audited) RMB'000</i>	<i>Six months ended 30 June 2011 (Unaudited) RMB'000</i>	<i>2010 (Audited) RMB'000</i>	<i>Six months ended 30 June 2011 (Unaudited) RMB'000</i>	<i>2010 (Audited) RMB'000</i>
Revenue	<u>139,111</u>	<u>150,167</u>	<u>15,163</u>	<u>-</u>	<u>913</u>	<u>124</u>	<u>155,187</u>	<u>150,291</u>

	<i>PRC</i>		<i>Taiwan</i>		<i>Others</i>		<i>Total</i>	
	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>	<i>30 June 2011 (Unaudited) RMB'000</i>	<i>December 2010 (Audited) RMB'000</i>
Segment assets	<u>583,768</u>	<u>525,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,768</u>	<u>525,461</u>

22. Approval of Interim Financial Statements

The condensed consolidated financial statements were approved by the Board of Directors on 27 August 2011.