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CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 591)

CLARIFICATION ANNOUNCEMENT IN RESPECT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

Reference is made to the announcement of China High Precision Automation Group Limited dated 26 September 2011 in relation to the annual results of the Company and its subsidiaries for the year ended 30 June 2011.

This announcement is made to clarify and supplement certain information contained in the Annual Results Announcement.

CLARIFICATION

Reference is made to the announcement of China High Precision Automation Group Limited dated 26 September 2011 in relation to the annual results of the Company and its subsidiaries for the year ended 30 June 2011 (the “Annual Results Announcement”). Terms used in this announcement shall have the same meanings as those defined in the Annual Results Announcement unless the contexts herein require otherwise.

This announcement is made to clarify and supplement certain information contained in the Annual Results Announcement.

After publication of the Annual Results Announcement, of which the contents were previously reviewed by the Board and the figures were compared by the Company’s auditors, KPMG, Certified Public Accountants (“KPMG”) to the amounts set out in the Group’s draft financial statements and the amounts were found to be in agreement, the Company were informed by KPMG that additional procedures are required to be performed, including provision of additional supporting documentation (“Additional Information”), for finalizing the Independent Auditor’s Report to the shareholders of the Company for the year ended 30 June 2011 (the “Auditor’s Report”).

The Company wishes to state that the Board have made continuous effort in cooperating with KPMG to arrange for adequate information, explanation, documents and/or response as requested by KPMG in order to perform the audit procedures. The Company endeavours to provide assurance to KPMG that they are fully aware of all significant matters that might be identified in the audit process. However, according to the opinion of the Company’s legal

adviser as to the laws of the People's Republic of China and the relevant governmental agency of the People's Republic of China, the Additional Information is classified as state secrets under the provisions of the Law of the People's Republic of China on the Guarding State Secrets (中華人民共和國保守國家秘密法) (the "PRC Law"), the Company is therefore unable to satisfy KPMG's request for obtaining the Additional Information since it will result in violation of the PRC Law.

Since KPMG was unable to obtain the Additional Information in the Group's accounting records for finalising the Auditor's Report, KPMG issued a qualified opinion of scope limitation in the Auditor's Report.

The Company hereby discloses the extract of the qualified opinion of scope limitation in the Auditor's Report as follow:

EXTRACT OF THE AUDITOR'S REPORT

Basis for disclaimer of opinion

When performing our audit procedures and seeking independent corroborative evidence, we identified inconsistencies between the information contained in the Group's accounting records and information independently obtained. The Company's management explained and showed documents that the Company's products are related to aerospace and other fields which are classified as state secrets. The Company's management explained they were unable to provide us with sufficient supporting documentation for us to carry out appropriate additional procedures due to the provisions of the Law of the People's Republic of China on Guarding State Secrets.

Given these circumstances, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and documents presented to us for our audit were complete and accurate in all material respects, nor could we quantify the extent of adjustments that might be necessary for the Group's consolidated financial statements for the year ended 30 June 2011.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Board confirms that all information and figures contained in Annual Results Announcement are correct in all material respects and the above mentioned clarification does not affect any information contained in the Annual Results Announcement.

Trading in the shares of the Company on the Stock Exchange will remain suspended pending the release of a further clarification announcement.

By Order of the Board
China High Precision Automation Group Limited
Wong Fun Chung
Chairman

Hong Kong, 27 October, 2011

As at the date of this announcement, the executive Directors are Mr. Wong Fun Chung, Mr. Zou Chong, Mr. Su Fang Zhong and Mr. Cheung Chuen, and the independent non-executive Directors are Ms. Ji Qin Zhi, Dr. Hu Guo Qing, and Mr. Chan Yuk Hiu, Taylor.