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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the H Share Offer and the Delisting, this Composite Document or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EVOC Intelligent Technology Company Limited\* (研祥智能科技股份有限公司), you should at once hand this Composite Document and the accompanying Form of Acceptance and forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the H Share Offer.

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研祥高科技控股集團有限公司  
EVOC Hi-Tech Holding Group Co., Ltd\*  
(a company incorporated in the People's  
Republic of China with limited liability)

研祥智能科技股份有限公司  
EVOC Intelligent Technology Company Limited\*  
(a joint stock limited company incorporated in the  
People's Republic of China with limited liability)  
(Stock Code: 2308)

**COMPOSITE DOCUMENT**  
**(1) VOLUNTARY CONDITIONAL OFFER**  
**BY ICBC INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR**  
**TO ACQUIRE ALL OF THE ISSUED H SHARES IN**  
**EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**  
**AND**  
**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF**  
**THE H SHARES OF EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**  
**AND**  
**(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**  
**AND**  
**(4) NOTICE OF THE H SHARE CLASS MEETING**

**FINANCIAL ADVISER TO THE OFFEROR**

**ICBC 工銀國際**

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**



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Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is jointly issued by the Offeror and the Company to the H Shareholders. A letter from ICBCI, containing, among other things, the terms of the H Share Offer, is set out on pages 10 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 32 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent H Shareholders in relation to the H Share Offer and the Delisting is set out on pages 33 to 34 of this Composite Document. A letter from Sorrento Capital containing its advice to the Independent Board Committee in relation to the H Share Offer and the Delisting is set out on pages 35 to 65 of this Composite Document.

The procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the H Share Offer should be received by the Registrar, Tricolor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, 19 October 2020, being the First Closing Date, or such later date and time as the Offeror may decide and announce and the Executive may approve.

The Extraordinary General Meeting convened to approve the Delisting will be held at 9:30 a.m. on Tuesday, 15 September 2020 and the H Share Class Meeting convened to approve the Delisting will be held at 10:00 a.m. on Tuesday, 15 September 2020.

A notice of the Extraordinary General Meeting is set out in Appendix VI to this Composite Document and a notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. A proxy form for each of the Extraordinary General Meeting and the H Share Class Meeting is enclosed with this Composite Document.

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof in person, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the Registrar, Tricolor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "8. Overseas H Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether to accept the H Share Offer.

\* For identification purposes only

19 August 2020

Your attention is drawn to the section headed “**PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING**” of this Composite Document for measures that may be implemented by the Company at the Extraordinary General Meeting and the H Share Class Meeting to prevent and control the spread of the novel coronavirus (COVID-19) pandemic at the meeting.

Precautionary measures include but are not limited to:

- Compulsory body temperature checks
- Mandatory health declaration
- Mandatory wearing of surgical face masks and maintaining a safe distance between seats
- No provision of refreshments and refreshment packs

Any person who does not comply with the precautionary measures may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the Chairman of the Extraordinary General Meeting and the H Share Class Meeting as their proxy, instead of attending in person.

The Meetings will be accommodated in separate rooms or partitioned areas of not more than 20 persons each.

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this Composite Document refer to Hong Kong dates and times.*

Despatch date of this Composite Document and commencement of the H Share Offer <sup>(Note 1)</sup> . . . . . Wednesday, 19 August, 2020

Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the Extraordinary General Meeting and/or the H Share Class Meeting . . . . . 4:30 p.m. on Wednesday, 9 September 2020

Closure of the Register for the determination of entitlements of the Independent H Shareholders to attend and vote at the Extraordinary General Meeting and/or the H Share Class Meeting . . . . . Thursday, 10 September 2020 to Tuesday, 15 September 2020 (both dates inclusive)

Latest time for lodging proxy form(s) in respect of the Extraordinary General Meeting <sup>(Note 2)</sup> . . . . . 9:30 a.m. on Monday, 14 September 2020

Latest time for lodging proxy form(s) in respect of the H Share Class Meeting <sup>(Note 2)</sup> . . . . . 10:00 a.m. on Monday, 14 September 2020

Extraordinary General Meeting . . . . . 9:30 a.m. on Tuesday, 15 September 2020

H Share Class Meeting . . . . . 10:00 a.m. or immediately after the conclusion or adjournment of the Extraordinary General Meeting on Tuesday, 15 September 2020

Announcement of the results of the Extraordinary General Meeting and the H Share Class Meeting . . . . . by 7:00 p.m. on Tuesday, 15 September 2020

Re-opening of the Register . . . . . Wednesday, 16 September 2020

First Closing Date <sup>(Note 3)</sup> . . . . . Monday, 19 October 2020

Latest time for acceptance of the H Share Offer on the First Closing Date <sup>(Note 4)</sup> . . . . . 4:00 p.m. on Monday, 19 October 2020

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## EXPECTED TIMETABLE

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Announcement of the results of the H Share Offer on the First Closing Date . . . . .	by 7:00 p.m. on Monday, 19 October 2020
Latest time for the H Share Offer to become or be declared unconditional as to acceptances (if not already unconditional) <sup>(Note 6)</sup> . . . . .	7:00 p.m. on Monday, 19 October 2020
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the First Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <sup>(Note 5)</sup> . . . . .	Thursday, 29 October 2020
Latest time for trading in the H Shares on the Stock Exchange, assuming the Delisting is approved . . . . .	4:10 p.m. on Tuesday, 10 November 2020
Final Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <sup>(Note 7)</sup> . . . . .	Monday, 16 November 2020
Latest time for the H Share Offer remaining opening for acceptance on the Final Closing Date and closing of the H Share Offer <sup>(Note 7)</sup> . . . . .	4:00 p.m. on Monday, 16 November 2020
Announcement of the results of the H Share Offer on the Final Closing Date. . . . .	by 7:00 p.m. on Monday, 16 November 2020
Voluntary withdrawal of the listing of the H Shares from the Stock Exchange <sup>(Note 8)</sup> . . . . .	4:00 p.m. on Tuesday, 17 November 2020
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the Final Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <sup>(Note 5)</sup> . . . . .	Wednesday, 25 November 2020

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## EXPECTED TIMETABLE

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*Notes:*

- (1) The H Share Offer is made on Wednesday, 19 August, 2020, the date of posting of the Composite Document, and is capable of being accepted on and from this date.
- (2) The proxy form should be deposited with the Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting or the time appointed for any adjournment thereof, in order to be valid. Completion and return of a proxy form for the Extraordinary General Meeting and/or the H Share Class Meeting will not preclude an Independent H Shareholder from attending the Extraordinary General Meeting and/or the H Share Class Meeting and, as the case may be, voting in person if he/she/it so wishes. In such event, the returned proxy form will be deemed to have been revoked.
- (3) It is assumed that the H Share Offer has not become unconditional as to acceptances or in all respects prior to the First Closing Date. In accordance with the Takeovers Code, the H Share Offer must initially be opened for acceptance for at least 21 days following the date on which the Composite Document was posted. Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the posting of the Composite Document. As the 60th day after the posting of the Composite Document is Sunday, 18 October 2020, which is not a business day, the First Closing Date is therefore set on the next business day which is Monday, 19 October 2020.
- (4) Unless the H Share Offer has previously become or been declared unconditional, revised or extended, the latest time and date for acceptance of the H Share Offer is 4:00 p.m. on the First Closing Date. Please refer to Appendix I to the Composite Document for additional information on how to accept the H Share Offer.
- (5) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Offer will be made within seven (7) business days (as defined under the Takeovers Code) of the later of the date on which the H Share Offer has become or is declared unconditional and the date on which the H Shares are tendered for acceptance of the H Share Offer. Relevant documents of title must be received by the Registrar to render each acceptance of the H Share Offer complete and valid. Remittances in respect of the H Shares tendered for acceptance and taken up by the Offeror under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom) will be posted to the H Shareholders by ordinary post at their own risk.
- (6) Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th date after the Composite Document was posted. As the 60th day after the posting of the Composite Document is Sunday, 18 October 2020, which is not a business day, the First Closing Date is therefore set on the next business day which is Monday, 19 October 2020. The Offeror may further apply to extend the latest date to declare the H Share Offer unconditional as to acceptances beyond Monday, 19 October 2020 and the Executive may or may not grant such consent.
- (7) In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer is closed to the H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. The Offeror reserves the right to extend the H Share Offer beyond this 28-day period.

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## EXPECTED TIMETABLE

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- (8) It is currently expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 4:00 p.m. on Tuesday, 17 November 2020, subject to the satisfaction of any conditions for delisting such securities from the Stock Exchange, and receipt of any regulatory approvals required for such delisting.
- (9) Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
- (10) The latest time and date for acceptance of the H Share Offer, the latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances, the last day of trading of H Shares and voluntary withdrawal of listing of the H Shares will not take effect if there is a tropical cyclone warning signal number 8 above, or a “black” rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the such relevant date. Instead, such relevant date will be rescheduled to the same time on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

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## IMPORTANT NOTICES

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### NOTICE TO OVERSEAS H SHAREHOLDERS

The making of the H Share Offer to the Overseas H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder(s) in such jurisdiction.

For further details, please refer to the paragraph headed “8. OVERSEAS H SHAREHOLDERS” in Appendix I to this Composite Document.



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## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING

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In view of the novel coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the Extraordinary General Meeting and/or the H Share Class Meeting (the “**Meetings**” and each as a “**Meeting**”) or any adjourned meeting thereof to safeguard the health and safety of the shareholders and other attendees of the Meeting(s) from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for all attendees at the entrance of the Meeting venue. Any attendee with a body temperature of over 37.3 degrees Celsius or is exhibiting symptoms of fever, sore throat, shortness of breath, cough and breathing difficulty may be denied entry into the Meeting venue or be requested to leave the Meeting venue.
- (ii) Each attendee will be required to complete and submit at the entrance of the Meeting venue a health declaration form (by then, reference will be made, including but not limited to, the health declaration requirements quoted by the Hong Kong’s Department of Health from time to time). Any attendee who does not comply with this requirement may be denied entry into the Meeting venue or be requested to leave the Meeting venue.
- (iii) All attendees will be required to wear surgical face masks before they enter the Meeting venue and during their attendance at the Meeting at all times, and to maintain a safe distance between seats. Any attendee who does not comply with this requirement may be denied entry into the Meeting venue or be requested to leave the Meeting venue.
- (iv) No refreshments will be served and no refreshment packs will be distributed after the Meeting(s).

Pursuant to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”), group gatherings of more than 20 persons for shareholders’ meetings, at which no food or drink is served, measures are in place for separating the participants in the gathering in different rooms or partitioned areas, each accommodating not more than 20 persons. Taking into account of the Regulation, the Meetings will be accommodated in separate rooms or partitioned areas of not more than 20 persons each.

The Company will keep its shareholders informed by way of further announcement if there are any material updates on the Regulation which would affect the Meetings.

The Company may change the precautionary measures as appropriate at short notice.

In the interest of the health and safety of all attendees, the Company reminds all H Shareholders that physical attendance in person at the Meeting(s) is not necessary for the purpose of exercising their voting rights. The H Shareholders may complete the form of proxy and appoint the Chairman of the Meeting(s) as their proxy to vote on the relevant resolutions at the Meeting(s) instead of attending the Meeting(s) in person.

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## DEFINITIONS

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*In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:*

“acting in concert”	has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Articles”	the existing articles of association of a company
“associates”	has the meaning given to it in the Takeovers Code
“business day”	a day on which the Stock Exchange is open for transaction of business
“CBRE”	CBRE Limited, the independent professional property valuer appointed by the Group
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date to be stated in the Composite Document as the First Closing Date or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive
“Company”	EVOC Intelligent Technology Company Limited* (研祥智能科技股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H Shares are listed on the Main Board of the Stock Exchange under stock code 2308
“Composite Document”	this composite offer document jointly issued by the Offeror and the Company in connection with, among other things, the detailed terms of the H Share Offer in accordance with the Takeovers Code and the Listing Rules
“concert parties”	in respect of a person, parties acting in concert with such a person
“Conditions”	the conditions of the H Share Offer, as set out under the section headed “Conditions of the H Share Offer” in the Letter from ICBCI and “Condition” means any of them
“Delisting”	the voluntary withdrawal of the listing of the H Shares from the Stock Exchange
“Directors”	the directors of the Company
“Disclosure Period”	the period beginning six (6) months prior to the date of the Rule 3.5 Announcement (i.e. 22 December 2019) and ending with the Latest Practicable Date, both dates inclusive

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## DEFINITIONS

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“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.10 each in the share capital of the Company which are subscribed for in RMB
“Domestic Shareholder(s)”	registered holder(s) of the Domestic Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extraordinary General Meeting”	the Extraordinary General Meeting of the Shareholders to be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 15 September 2020 at 9:30 a.m., and any adjournment thereof, for the purpose of approving the Delisting
“Final Closing Date”	16 November 2020, which has assumed that the H Share Offer becomes unconditional in all respects on the First Closing Date and the H Share Offer will be open for acceptance for 28 days after the First Closing Date
“First Closing Date”	19 October 2020, being the first closing date of the H Share Offer assuming the H Share Offer has not become unconditional as to acceptances or in all respects prior to this date
“Form of Acceptance”	the form of acceptance and transfer in respect of the H Share Offer accompanying this Composite Document
“GEM Board”	the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company with a nominal value of RMB0.10 each, all of which are subscribed for and traded in Hong Kong dollar and listed on the Stock Exchange
“H Shareholder(s)”	registered holder(s) of the H Shares
“H Share Class Meeting”	the extraordinary general meeting of the Independent H Shareholders to be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 15 September 2020 at 10:00 a.m. or immediately after the conclusion or adjournment of the Extraordinary General Meeting, and any adjournment thereof, for the purpose of approving the Delisting

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## DEFINITIONS

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“H Share Offer”	the voluntary conditional offer made by ICBCI on behalf of the Offeror to acquire all of the issued H Shares (other than those already owned by the Offeror and parties acting in concert with it)
“H Share Offer Price”	the cash offer price of the H Share Offer, being HK\$1.50 per H Share
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“ICBC Shenzhen”	Industrial and Commercial Bank of China Limited, Shenzhen Branch
“ICBCI”	ICBC International Capital Limited, the financial advisor to the Offeror, which is a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Independent Board Committee”	the independent committee of the Board, comprising all of independent non-executive Directors, formed pursuant to Rule 2.1 of the Takeovers Code for the purpose of making recommendations as to whether the terms of the H Share Offer are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not, fair and reasonable and as to voting
“Independent Financial Adviser” or “Sorrento Capital”	Sorrento Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser to advise the Independent Board Committee in respect of the H Share Offer and the Delisting
“Independent H Shareholder(s)”	H Shareholder(s) other than the Offeror and parties acting in concert with it
“Last Trading Date”	12 June 2020, being the last full business day for trading in the H Shares on the Stock Exchange immediately before the suspension of trading in the H Shares pending publication of the Rule 3.5 Announcement

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## DEFINITIONS

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“Latest Practicable Date”	14 August 2020, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Mr. Chen”	Mr. Chen Zhi Lie, the chairman of the Board and an executive Director
“Offer Period”	has the meaning ascribed to it in the Takeovers Code and commencing from 22 June 2020, being the date of the Rule 3.5 Announcement until 4:00 p.m. on the Closing Date, or such other time and/or date to which the Offeror may decide to extend the H Share Offer in accordance with the Takeovers Code
“Offeror”	EVOC Hi-Tech Holding Group Co., Ltd* (研祥高科技控股集團有限公司), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company
“Overseas H Shareholder(s)”	H Shareholder(s) who are not resident in Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Register”	the register of H Shareholders of the Company
“Registrar”	Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the H Share registrar and transfer office of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.5 Announcement”	the joint announcement in relation to, among other things, the H Share Offer and the Delisting dated 22 June 2020 jointly issued by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code
“SAFE”	State Administration of Foreign Exchange of the PRC (including its successors and local counterparts)
“SFC”	Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ Haoxuntong”	Shenzhen Haoxuntong Industry Co. Ltd.* (深圳市好訊通實業有限公司), a company incorporated in the PRC with limited liability, which is owned as to 100% by Mr. Chen
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“Unconditional Date”	the date on which the H Share Offer becomes or is declared unconditional in all respects
“%”	per cent.

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## QUESTIONS AND ANSWERS

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The following are some of the questions you, as an H Shareholder, may have and the answers to those questions. This Composite Document contains important information and you are encouraged to read this Composite Document in full, including the Appendices, carefully.

### **1. What is the purpose of this Composite Document?**

The purpose of this Composite Document is to provide you with, among others:

- (a) information regarding the H Share Offer and the Delisting;
- (b) recommendations of the Independent Board Committee to Independent H Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee, in respect of the H Share Offer and the Delisting;
- (c) notices of the Extraordinary General Meeting and the H Share Class Meeting respectively; and
- (d) the accompanying Form of Acceptance in respect of the H Share Offer.

### **2. How do I accept the H Share Offer?**

To accept the H Share Offer, you should complete, sign and submit the accompanying Form of Acceptance to the Registrar on or before 4:00 p.m. on Monday, 19 October 2020, being the First Closing Date, in accordance with the instructions printed thereon.

Details of the procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

### **3. What is the latest time to accept the H Share Offer?**

The latest time for acceptance of the H Share Offer, before it becomes or be declared unconditional in all respects or lapse without being or becoming unconditional in all respects, is 4:00 p.m. on Monday, 19 October 2020, unless the Offeror may decide to extend the H Share Offer in accordance with the Takeovers Code with the consent of the Executive.

### **4. What is the purpose of holding the Extraordinary General Meeting and the H Share Class Meeting?**

At the Extraordinary General Meeting, the Delisting will be voted on by the Independent H Shareholders.

At the H Share Class Meeting, the Delisting will be voted on by the Independent H Shareholders.

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## QUESTIONS AND ANSWERS

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**5. What are the location, date and time of the Extraordinary General Meeting and the H Share Class Meeting?**

The Extraordinary General Meeting will be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 15 September 2020 at 9:30 a.m. and the H Share Class Meeting will be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 15 September 2020 at 10:00 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting), respectively.

**6. What vote is required from the Shareholders in order for the Delisting to be approved?**

The following approvals are required:

- (a) at the Extraordinary General Meeting, the Delisting must be approved by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy, provided that the number of votes cast against the resolutions is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.
- (b) at the H Share Class Meeting, the Delisting must be approved by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy, provided that the number of votes cast against the resolutions is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

H Shareholders are also reminded that the Delisting is subject to the minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders.

**7. I am an Independent H Shareholder. How do I vote on the Delisting?**

If you are an Independent H Shareholder, you may vote in person or by proxy at the Extraordinary General Meeting and the H Share Class Meeting, during which the Delisting will be voted on.

If an H Shareholder accepts the H Share Offer before the closure of the Registers for the purpose of determining the entitlements of the Shareholders to attend and vote at the Extraordinary General Meeting and the Independent H Shareholders to attend and vote at the H Share Class Meeting, such Shareholders will still be entitled to attend and vote at the relevant meeting(s).

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof, you are strongly urged to complete the proxy form(s) which have been despatched to you on Wednesday, 19 August 2020 in accordance with the instructions printed thereon and return the same to the office address of the Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's



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## QUESTIONS AND ANSWERS

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Road East, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.

**8. How do I vote if my H Shares have been lodged with my securities dealer/custodian bank through CCASS, or lodged with my investor participant's account maintained with CCASS?**

If your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS and you intend to vote at the Extraordinary General Meeting and/or the H Share Class Meeting (as applicable) or attend in person, you should instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to give instructions to HKSCC Nominees Limited on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them.

If your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, you should submit your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

For the avoidance of doubt, your vote will be invalid if you give voting instructions to the Registrar by yourself directly. Therefore, if your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, or lodged with your investor participant's account maintained with CCASS, you must take actions as mentioned above.

**9. What is the position of the Independent Board Committee with regard to the H Share Offer and the Delisting?**

The Independent Board Committee, having taken into account the terms of the H Share Offer and the Delisting, together with the advice and recommendations from the Independent Financial Adviser, is of the opinion that the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned. Therefore, the Independent Board Committee recommends the Independent H Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolutions approving the Delisting at the Extraordinary General Meeting and the H Share Class Meeting. Please refer

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## QUESTIONS AND ANSWERS

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to the “Letter from the Independent Board Committee” as set out from pages 33 to 34 of this Composite Document and the “Letter from Sorrento Capital” as set out from pages 35 to 65 of this Composite Document.

### **10. I am an Overseas H Shareholder. What should I do?**

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed “Notice to Overseas H Shareholders” in “Important Notices” and “8. Overseas H Shareholders” in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether or not to accept the H Share Offer.

### **11. Who should I contact if I have additional questions?**

If you have any questions concerning administrative or procedural matters, such as dates, documentation and procedures relating to the H Share Offer and/or the Delisting, please call the hotline of the Registrar, Tricor Abacus Limited at +852 2980 1333 (between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong).

You may also visit the Company’s website at [www.evoc.cn](http://www.evoc.cn) and/or direct your questions to the Company in the following ways:

by phone: +852 38440120 or +86 010 65334545

by email: [enquiry@evoc.cn](mailto:enquiry@evoc.cn)

For the avoidance of doubt, the hotline of the Registrar or the Company’s designated phone line or email account cannot and will not (i) provide any information not available in the public domain nor any advice on the merits or risks of the H Share Offer and the Delisting or (ii) give any financial or legal advice. If you are in doubt as to any aspect of this Composite Document or action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.



19 August 2020

*To the H Shareholders*

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL OFFER  
BY ICBC INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL OF THE ISSUED H SHARES IN  
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED  
AND**

**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF  
THE H SHARES OF EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**

**INTRODUCTION**

On 22 June 2020, the Board and the Offeror jointly announced that ICBCI, on behalf of the Offeror, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares.

The H Share Offer is subject to the fulfilment of a number of Conditions as set out in this Composite Document, including the passing of resolutions by the Independent H Shareholders approving the Delisting at the H Share Class Meeting and the Extraordinary General Meeting.

This letter forms part of this Composite Document and sets out certain background information on the Offeror, explains why the Offeror is making the H Share Offer and the intention in relation to the Group.

The details of (a) the terms of the H Share Offer are set out in the “Letter from ICBCI” in this Composite Document, (b) the procedures for acceptance of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance; and (c) the meetings to be convened for approving the Delisting are set out in the section headed “Meetings” in the “Letter from the Board” in this Composite Document.

Terms defined in this Composite Document have the same meaning when used in this letter.

**THE H SHARE OFFER**

As at the Latest Practicable Date, the Company has 1,233,144,000 Shares in issue, with 924,792,000 Domestic Shares and 308,352,000 H Shares. Apart from the aforementioned, there were no other outstanding securities, options, warrants or derivatives which are

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## LETTER FROM ICBCI

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convertible into or which confer rights to require the issue of the Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company as at the Latest Practicable Date.

The H Share Offer is being made by ICBCI, on behalf of the Offeror, on the following basis:

For each H Share . . . . .HK\$1.50 in cash

The H Share Offer Price was determined after taking into account historical share price of the H Share during the recent years and the Offeror's assessment of the Company's business and its prospects and its market position.

**The Offeror will not increase the H Share Offer Price for the H Share Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Offeror does not reserve the right to increase the H Share Offer Price.**

### Comparisons of value

The H Share Offer Price offered under the H Share Offer represents:

- (a) a premium of approximately 15.4% over the closing price of HK\$1.30 per H Share as quoted on the Stock Exchange on 14 August 2020 (being the Latest Practicable Date);
- (b) a premium of approximately 64.8% over the closing price of HK\$0.91 per H Share as quoted on the Stock Exchange on 15 June 2020 prior to the trading halt of the H Shares pending from the release of the Rule 3.5 Announcement;
- (c) a premium of approximately 82.9% over HK\$0.82 which is the average closing price per H Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Date;
- (d) a premium of approximately 94.8% over HK\$0.77 which is the average closing price per H Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date;
- (e) a premium of approximately 100.0% over HK\$0.75 which is the average closing price per H Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date;
- (f) a premium of approximately 105.5% over the average closing price of approximately HK\$0.73 per H Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;
- (g) a premium of approximately 100.0% over the average closing price of approximately HK\$0.75 per H Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Date;

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## LETTER FROM ICBCI

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- (h) a premium of approximately 89.9% over the average closing price of approximately HK\$0.79 per H Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to and including the Last Trading Date;
- (i) a discount of approximately 35.6% to the audited consolidated net asset value of the Company of approximately RMB2.09 per Share as at 31 December 2019 (equivalent to approximately HK\$2.33 per Share, based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date) based on the total number of issued Shares as at 31 December 2019;
- (j) a discount of approximately 35.4% to the unaudited consolidated net asset value of the Company of approximately RMB2.08 per Share as at 30 June 2020 according to the interim results announcement of the Company for the six months ended 30 June 2020 (the “**2020 Interim Results Announcement**”) (equivalent to approximately HK\$2.32 per Share, based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date) based on the total number of issued Shares as at 30 June 2020; and
- (k) a discount of approximately 52.2% to the adjusted unaudited consolidated net asset value (“**Adjusted Unaudited NAV**”) of approximately RMB2.81 per Share as at 30 June 2020 (equivalent to approximately HK\$3.14 per Share, based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date) based on the total number of issued Shares as at 30 June 2020. The Adjusted Unaudited NAV is arrived at after taking into account (i) the unaudited net asset value of the Company attributable to the Shareholders as at 30 June 2020; (ii) the revaluation surplus of property interest over the net book value of the properties as at 30 June 2020 net of estimated deferred taxation arising from the revaluation surplus. (Details of the Adjusted Unaudited NAV and property valuation are set out in Appendix II and Appendix III of this Composite Document respectively). The Adjusted Unaudited NAV is for illustrative purposes only and should not be regarded as the actual reassessed net asset value of the Group.

### **Highest and lowest prices**

During the Disclosure Period, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.35 on 23 June 2020 and 24 June 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$0.66 on 16 March 2020.

### **Consideration**

Based on the H Share Offer Price of HK\$1.50 per H Share and 308,352,000 H Shares in issue as at the Latest Practicable Date, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there is no change in the share capital of the Company) is approximately HK\$462,528,000. The consideration will be paid in cash.

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## LETTER FROM ICBCI

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The consideration was determined by the Offeror with reference to historical share price of the H Share during the recent years and the Offeror's assessment of the Company's business and its prospects and its market position. Please refer to the section headed "Reasons for and benefits of the H Share Offer and the Delisting" for further details.

### **Settlement of consideration**

Settlement of consideration in respect of acceptance of the H Share Offer will be made as soon as possible but in any event within seven (7) business days of (i) the date of receipt of a complete and valid acceptance in respect of the H Share Offer or (ii) the Unconditional Date, whichever is later.

### **Confirmation of financial resources in respect of the H Share Offer**

The H Share Offer will be financed by a combination of cash available in Hong Kong from the Offeror's internal resources and a term loan facility provided to the Offeror by ICBC International Securities Limited (the "ICBCI Facility"). The Offeror also has internal resources and cash available in the PRC and may also seek to obtain and draw down debt facility from ICBC Shenzhen in the PRC (together, the "Alternative PRC Funds"). Subject to receiving the relevant regulatory approval from the SAFE, the Offeror may consider remitting the Alternative PRC Funds into Hong Kong for partial payment of acceptance of the H Share Offer. In any event, if the Alternative PRC Funds are not available in Hong Kong before the payment of acceptance of the H Share Offer, the Offeror will draw down the ICBCI Facility and use its existing internal cash resources in Hong Kong for the satisfaction of the payment of acceptance of the H Share Offer. ICBCI has been appointed as the financial adviser to the Offeror in respect of the H Share Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the H Share Offer.

The Offeror and its concert parties have not dealt in the H Shares, convertible securities, warrants, options or derivatives of the Company during the Disclosure Period.

### **CONDITIONS OF THE H SHARE OFFER**

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) subject to Condition (c), the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;



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## LETTER FROM ICBCI

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- (b) subject to Condition (c), the passing of a resolution by the Independent H Shareholders approving the Delisting at the Extraordinary General Meeting to be convened for this purpose, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;
- (c) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body (including the necessary filing and approval of Development and Reform Commission of Shenzhen Municipality and State Administration of Foreign Exchange Shenzhen Branch) in relation to the H Share Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) no event having occurred and no action, decision, order, proceedings, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the H Share Offer); and
- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code.

None of the Conditions can be waived. As at the Latest Practicable Date, none of the Conditions have been fulfilled.

All the issued Domestic Shares are held by the Offeror and SZ Haoxuntong (being a party acting in concert with the Offeror), and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote at the Extraordinary General Meeting to be convened for approving the Delisting.

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## LETTER FROM ICBCI

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Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any or all of the Conditions set out above, so as to cause the H Share Offer to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is later, the H Share Offer will lapse.

The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for at least 28 days, and H Shareholders will be notified as soon as possible by way of an announcement in accordance with the Takeovers Code and the Listing Rules.

The H Share Offer is made in compliance with the Takeovers Code, which is administered by the Executive.

### **Further Terms and general matters relating to the H Share Offer**

#### *Effect of accepting the H Share Offer*

Under the terms of the H Share Offer, the H Shares will be acquired: (i) with all rights attached thereto as at the date of the Rule 3.5 Announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement; and (ii) free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

The H Share Offer is therefore made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Rule 3.5 Announcement or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Rule 3.5 Announcement.

There are no dividends attaching to the H Shares which are outstanding or in contemplation to be declared as at the Rule 3.5 Announcement and as at the Latest Practicable Date. The Company expects that no dividends attaching to the H Shares will be outstanding or in contemplation to be declared before close of the H Share Offer.



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## LETTER FROM ICBCI

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### *Hong Kong stamp duty*

Seller's ad valorem stamp duty arising in connection with acceptances of the H Share Offer will be payable by each accepting H Shareholder at the rate of 0.1% of (i) the market value of the H Offer Share; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the H Share Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to such accepting H Shareholder (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will pay the buyer's ad valorem stamp duty on its own behalf.

### *Closing Date of the H Share Offer*

The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). As the 60th day after the posting of the Composite Document is Sunday, 18 October 2020, which is not a business day, the First Closing Date is therefore set on the next business day which is Monday, 19 October 2020. Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for at least 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

### *Completion of the H Share Offer*

Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or of the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

The Company and the Offeror will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

## **OFFEROR'S INTENTION IN RELATION TO THE GROUP**

### **Business of the Group**

The Offeror intends to continue with the existing business of the Group and do not intend to make any material changes to the current business operations of the Group following completion of the H Share Offer. It is also the intention of the Offeror that there will not be any material changes in the management or employees of the Group as a result of the H Share Offer; and after the Delisting, the Company will not seek for listing of its Shares on any other stock exchanges (including the stock exchanges in the PRC).

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## LETTER FROM ICBCI

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### **Delisting**

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.

### **No Right of Compulsory Acquisition**

The Offeror has no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer.

The Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

**Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether the Company remains as a public company thereafter.**

### **INFORMATION AND PRINCIPAL BUSINESS OF THE OFFEROR**

The Offeror was incorporated on 5 February 1997 and is validly existing under the laws of the PRC as a company with limited liability. Its principal business activities include investment holding, development, production and trading of computer and electronic products. The Offeror is held as to 70.5% by Mr. Chen, who is an executive Director, the ultimate controlling shareholder, the chairman and the founder of the Company, and 29.5% by Ms. Wang Rong, the spouse of Mr. Chen. As at the Latest Practicable Date, the directors of the Offeror are Mr. Chen, Ms. Wang Rong and Ms. Chen Xi and the supervisor of the Offeror is Mr. Wang Jiajie.

### **REASONS FOR AND BENEFITS OF THE H SHARE OFFER AND THE DELISTING**

The Company is principally engaged in the research, development, manufacture and distribution of special computer products and the trading of electronic products and accessories. The Company operates its business through two segments: (1) research, development, manufacturing and distribution of special computer products and trading of electronic accessories segment; and (2) sales of development properties segment.

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## LETTER FROM ICBCI

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As stated in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), the Group’s business and future prospects could be materially affected by certain risks and uncertainties. For example, as the Group is engaged in the development and production of computer, communication and electronic hardware which are technology-intensive and capital-intensive, there is uncertainty as to whether the Group can continue to succeed in research and development and maintain its competitive edge in technology. Furthermore, as stated in the 2019 Annual Report, the outbreak of coronavirus epidemic has caused increase in production cost in Mainland China, delay in supply of materials, production and sales schedule.

As stated in the 2020 Interim Results Announcement, the Group recorded a decrease in turnover by 21.5% and a loss attributable to the owners of the Company of approximately RMB16.3 million. The Group also recorded a fair value loss on investment properties of approximately RMB20.1 million during the first six months of 2020. As stated in the 2020 Interim Results Announcement, as a result of the global spread and the ongoing outbreak of the novel coronavirus epidemic, the Chinese and the global economies experienced different degrees of instability. The decline in business orders from domestic customers, the suspension or slowdown of production and operation activities, and the significant decrease in the demand for automation led to a sluggish special computer market. There are also increasing risks pertaining to the availability of and price rise in import of foreign ICs, which poses relatively serious concerns to the continuous production and technological innovation of the Group’s products.

As stated in the 2020 Interim Results Announcement, looking forward, the Chinese economy and even the world economy will enter into a “new norm” under the epidemic. Under the new opportunities and challenges ahead, the Company have to implement its business plan in a prudent manner. Given such uncertainties to the Group’s prospects and future financial performance, investors may have different expectations and requirements with regard to the return on investment of the Group, which may differ from the development plan of the Group in the long run. The H Share Offer, if completed, will enable the Company to have greater flexibility to make timely investment decisions and to focus on the long term development of the Group.

The Offeror also considers that the Delisting will facilitate business integration between the Offeror and the Company, giving the Offeror more flexibility to support the future business development of the Company without being subject to regulatory restrictions and compliance obligations associated with the related obligations arising from the listing status of the Company on the Stock Exchange. After the Delisting, the relevant listing costs and expenses will also be saved.

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## LETTER FROM ICBCI

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For H Shareholders, the Offeror believes that the H Share Offer provides a compelling opportunity to dispose of their H Shares for the following reasons:

- **Premium valuation:** the H Share Offer provides an opportunity for H Shareholders to sell their H Shares and receive cash at a price above the prevailing market price. In particular, closing price of the H Shares has never exceeded the H Share Offer Price for two year-time. The H Share Offer Price represented a premium of approximately 105.5% over the last 60 trading days immediately prior to and including the Last Trading Date. Please refer to the sub-section headed “Comparisons of value” under the section headed “THE H SHARE OFFER” for details.
- **Certain and immediate value:** trading volume in the H Shares has been thin for most of the time during relatively long period, it may be challenging for the H Shareholders to dispose of their H Shares without adversely affecting the market price of the H Shares. The monthly total trading volume of the H Shares (as a percentage to total issued H Shares) during 1 January 2020 to 31 May 2020 ranged from 0.7% to 2.1% only. The H Share Offer presents an opportunity for the H Shareholders to dispose of their H Shares and exit their investment for cash proceeds which may be reinvested in alternative investments with higher quality.
- **Avoidance of holding unlisted shares:** assuming the H Share Offer will become unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares will be severely reduced.

### WARNING

**The H Share Offer is conditional upon the satisfaction of the Conditions as described in this Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this Composite Document does not imply that the H Share Offer or the Delisting will be completed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

### ADDITIONAL INFORMATION

In considering what action to take in connection with the H Share Offer and the Delisting, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisers.

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## LETTER FROM ICBCI

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In making your decision, the Independent H Shareholders must rely on their own examination of the terms of the H Share Offer and the Delisting, including the merits and risks involved. Independent H Shareholders should consult their own professional advisers for professional advice.

You are also urged to read carefully (a) the letter from the Board from pages 21 to 32 of this Composite Document; (b) the letter from the Independent Board Committee from pages 33 to 34 of this Composite Document; (c) the letter from Sorrento Capital from pages 35 to 65 of this Composite Document; (d) the procedures for acceptance of the H Share Offer as set out in Appendix I to this Composite Document from pages I-1 to I-10 and in the accompanying Form of Acceptance; (e) the details for meetings to be convened for approving the Delisting as set out in the section headed “Meetings” in the “Letter from the Board” in this Composite Document; and (f) other information as set out in the appendices to this Composite Document which form part of this Composite Document.

Yours faithfully,  
For and on behalf of  
**ICBC International Capital Limited**

**Joseph Ng**  
*Managing Director*

**Letty Wu**  
*Executive Director*



研祥智能科技股份有限公司  
**EVOC Intelligent Technology Company Limited\***

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

**(Stock Code: 2308)**

*Executive Directors:*

Mr. Chen Zhi Lie (*Chairman*)  
Mr. Tso Cheng Shun  
Mr. Geng Wen Qiang

*Independent Non-executive Directors:*

Mr. Michael Yu Tat Chi  
Mr. Ling Chun Kwok  
Ms. Wu Yan Nan  
Mr. Zhang Da Ming

*Registered Office and Principal Place of  
Business:*

EVOC Technology Building,  
No. 31 Gaoxinzhongsi Road,  
Nanshan District,  
Shenzhen,  
People's Republic of China

*Liaison office in Hong Kong:*

Unit No. 1619,  
16th Floor, Star House,  
3 Salisbury Road,  
Tsimshatsui,  
Kowloon, Hong Kong

19 August 2020

*To the H Shareholders*

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL OFFER  
BY ICBC INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL OF THE ISSUED H SHARES IN  
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED  
AND**

**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF  
THE H SHARES OF EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**

**INTRODUCTION**

Reference is made to the Rule 3.5 Announcement jointly issued by the Offeror and the Company in relation to the H Share Offer and the Delisting and the announcement dated 10 July 2020 issued by the Company in relation to the change of members of the Independent Board Committee.

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## LETTER FROM THE BOARD

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The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) further information relating to the Group, the Offeror, the H Share Offer and the Delisting; (ii) the “Letter from ICBCI” containing details of the H Share Offer and the Delisting; (iii) the “Letter from the Independent Board Committee” containing its recommendations to the Independent H Shareholders in respect of the H Share Offer and the Delisting; and (iv) the “Letter from Sorrento Capital” containing its advice to the Independent Board Committee in respect of the H Share Offer and the Delisting.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee has been established to make recommendations as to whether the terms of the H Share Offer are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not, fair and reasonable and as to voting. Since the Company has no non-executive Director(s), the Independent Board Committee comprises all of the independent non-executive Directors, namely, Mr. Michael Yu Tat Chi, Mr. Ling Chun Kwok, Ms. Wu Yan Nan and Mr. Zhang Da Ming, each of whom has no direct or indirect interest in the H Share Offer and the Delisting.

As disclosed in the announcement of the Company dated 26 June 2020, Sorrento Capital has been appointed to advise the Independent Board Committee as to whether the terms of the H Share Offer are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting. Such appointment has been approved by the Independent Board Committee.

### THE H SHARE OFFER

As at the Latest Practicable Date, the Company has 1,233,144,000 Shares in issue, with 924,792,000 Domestic Shares and 308,352,000 H Shares. Apart from the aforementioned, there were no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of the Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company as at the Latest Practicable Date.

The H Share Offer is being made by ICBCI, on behalf of the Offeror, on the following basis:

For each H Share . . . . .HK\$1.50 in cash

**The Offeror will not increase the H Share Offer Price for the H Share Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Offeror does not reserve the right to increase the H Share Offer Price.**

Further details of the H Share Offer are set out in the “Letter from ICBCI”, the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.



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## LETTER FROM THE BOARD

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### CONDITIONS OF THE H SHARE OFFER

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) subject to Condition (c), the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) subject to Condition (c), the passing of a resolution by the Independent H Shareholders approving the Delisting at the Extraordinary General Meeting to be convened for this purpose, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;
- (c) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body (including the necessary filing and approval of Development and Reform Commission of Shenzhen Municipality and State Administration of Foreign Exchange Shenzhen Branch) in relation to the H Share Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) no event having occurred and no action, decision, order, proceedings, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its



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## LETTER FROM THE BOARD

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implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the H Share Offer); and

- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code.

None of the Conditions can be waived. As at the Latest Practicable Date, none of the Conditions have been fulfilled.

All the issued Domestic Shares are held by the Offeror and SZ Haoxuntong (being a party acting in concert with the Offeror), and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote at the Extraordinary General Meeting to be convened for approving the Delisting.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any or all of the Conditions set out above, so as to cause the H Share Offer to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is later, the H Share Offer will lapse.

The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for at least 28 days, and H Shareholders will be notified as soon as possible by way of an announcement in accordance with the Takeovers Code and the Listing Rules.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

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## LETTER FROM THE BOARD

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### *Completion of the H Share Offer*

Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or of the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

The Company and the Offeror will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

### **OFFEROR'S INTENTION IN RELATION TO THE GROUP**

Please refer to the section headed "Offeror's Intention in relation to the Group" in the "Letter from ICBCI" as set out in this Composite Document for detailed information on the Offeror's intention on the business and management of the Group. The Board acknowledged and accepted such intention, and is willing to render reasonable cooperation with the Offeror.

### **INFORMATION AND PRINCIPAL BUSINESS OF THE OFFEROR**

Your attention is drawn to the section headed "Information and Principal Business of the Offeror" in the "Letter from ICBCI" as set out in this Composite Document.

### **INFORMATION AND PRINCIPAL BUSINESS OF THE GROUP**

#### **Principal activities of the Group**

The Company is a joint stock limited company established under the laws of the PRC with limited liability whose H Shares were listed on the GEM Board from October 2003, and which have since July 2010 been listed on the Main Board by way of transfer from the GEM Board.

The Group is principally engaged in the research, development, manufacture and distribution of special computer products and the trading of electronic products and accessories. The Company operates its business through two segments: (1) research, development, manufacturing and distribution of special computer products and trading of electronic accessories segment and (2) sales of development properties segment.

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## LETTER FROM THE BOARD

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### Financial information of the Group

Selected financial information of the Group as extracted from the Company's audited consolidated financial statements for the two financial years ended 31 December 2019 and from the 2020 Interim Results Announcement are set out below:

	For the six months ended		For the year ended	
	30 June	30 June	31 December	31 December
	2020	2019	2019	2018
	(unaudited)	(unaudited)	(audited)	(audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	403,301	513,455	1,688,153	1,423,139
(Loss)/profit before income tax	(21,302)	23,347	313,713	207,648
(Loss)/profit attributable to owners of the Company	(16,329)	20,083	263,154	156,940

A summary of the financial information of the Group extracted from the annual reports of the Company for the three years ended 31 December 2019 and 2020 Interim Results Announcement of the Company is set out in Appendix II of this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,233,144,000 Shares in issue, comprising 924,792,000 Domestic Shares and 308,352,000 H Shares. The Offeror and parties acting in concert with it, being SZ Haoxuntong, owned the entirety of 924,792,000 Domestic Shares, representing 75% of the issued share capital of the Company and H Shareholders were interested in 308,352,000 H Shares, representing 25% of the issued share capital of the Company. None of the Offeror or parties acting in concert with it legally or beneficially owns any H Share. The rights of the holders of Domestic Shares and H Shares rank *pari passu* to each other, including voting rights and the right to receive dividend payment, except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to the H Shareholders. As at the Latest Practicable Date, the Company does not have any other outstanding convertible securities, options, warrants or derivatives in issue which may confer any right to subscribe for, convert or exchange into Domestic Shares or H Shares.

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**LETTER FROM THE BOARD**

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The shareholding structure of the Company as at the date of the Latest Practicable Date and immediately after completion of the H Share Offer (assuming the H Share Offer is fully accepted and the total issued share capital of the Company remains unchanged) is as follows:

	<b>As at the Latest Practicable Date</b>		<b>Immediately after completion of the H Share Offer (assuming the H Share Offer is fully accepted and the total issued share capital of the Company remains unchanged)</b>	
	<i>Number of Shares</i>	<i>Percentage of the issued share capital of the Company</i>	<i>Number of Shares</i>	<i>Percentage of the issued share capital of the Company</i>
<b>Domestic Shares</b>				
Offeror ( <i>note 1</i> ) and parties acting in concert with it ( <i>note 2</i> )	924,792,000	75.0%	924,792,000	75.0%
<b>H Shares</b>				
Offeror and parties acting in concert with it	—	—	308,352,000	25.0%
Public Shareholders (i.e., Independent H Shareholders)	<u>308,352,000</u>	<u>25.0%</u>	<u>—</u>	<u>—</u>
Total number of issued Shares	<u>1,233,144,000</u>	<u>100.0%</u>	<u>1,233,144,000</u>	<u>100.0%</u>

*Notes:*

- (1) Mr. Chen and his spouse, Ms. Wang Rong, own 70.5% and 29.5% of the issued share capital of the Offeror. The Offeror is the registered and beneficial owner of 878,552,400 Domestic Shares, representing 95.0% of the total issued Domestic Shares.
- (2) Mr. Chen owns the entire issued share capital of SZ Haoxuntong, which is a concert party of the Offeror. SZ Haoxuntong is the registered and beneficial owner of 46,239,600 Domestic Shares, representing 5.0% of the total issued Domestic Shares.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE H SHARE OFFER AND THE DELISTING

The Company is principally engaged in the research, development, manufacture and distribution of special computer products and the trading of electronic products and accessories. The Company operates its business through two segments: (1) research, development, manufacturing and distribution of special computer products and trading of electronic accessories segment; and (2) sales of development properties segment.

As stated in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), the Group’s business and future prospects could be materially affected by certain risks and uncertainties. For example, as the Group is engaged in the development and production of computer, communication and electronic hardware which are technology-intensive and capital-intensive, there is uncertainty as to whether the Group can continue to succeed in research and development and maintain its competitive edge in technology. Furthermore, as stated in the 2019 Annual Report, the outbreak of coronavirus epidemic has caused increase in production cost in Mainland China, delay in supply of materials, production and sales schedule.

As stated in the 2020 Interim Results Announcement, the Group recorded a decrease in turnover by 21.5% and a loss attributable to the owners of the Company of approximately RMB16.3 million. The Group also recorded a fair value loss on investment properties of approximately RMB20.1 million during the first six months of 2020. As stated in the 2020 Interim Results Announcement, as a result of the global spread and the ongoing outbreak of the novel coronavirus epidemic, the Chinese and the global economies experienced different degrees of instability. The decline in business orders from domestic customers, the suspension or slowdown of production and operation activities, and the significant decrease in the demand for automation led to a sluggish special computer market. There are also increasing risks pertaining to the availability of and price rise in import of foreign ICs, which poses relatively serious concerns to the continuous production and technological innovation of the Group’s products.

As stated in the 2020 Interim Results Announcement, looking forward, the Chinese economy and even the world economy will enter into a “new norm” under the epidemic. Under the new opportunities and challenges ahead, the Company have to implement its business plan in a prudent manner. Given such uncertainties to the Group’s prospects and future financial performance, investors may have different expectations and requirements with regard to the return on investment of the Group, which may differ from the development plan of the Group in the long run. The H Share Offer, if completed, will enable the Company to have greater flexibility to make timely investment decisions and to focus on the long term development of the Group.

The Offeror also considers that the Delisting will facilitate business integration between the Offeror and the Company, giving the Offeror more flexibility to support the future business development of the Company without being subject to regulatory restrictions and compliance obligations associated with the related obligations arising from the listing status of the Company on the Stock Exchange. After the Delisting, the relevant listing costs and expenses will also be saved.

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## LETTER FROM THE BOARD

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For H Shareholders, the Offeror believe that the H Share Offer provides a compelling opportunity to dispose of their H Shares for the following reasons:

- Premium valuation: the H Share Offer provides an opportunity for H Shareholders to sell their H Shares and receive cash at a price above the prevailing market price. In particular, closing price of the H Shares has never exceeded the H Share Offer Price for two year-time. The H Share Offer Price represented a premium of approximately 105.5% over the last 60 trading days immediately prior to and including the Last Trading Date. Please refer to the sub-section headed “Comparisons of value” under the section headed “THE H SHARE OFFER” for details.
- Certain and immediate value: trading volume in the H Shares has been thin for most of the time during relatively long period, it may be challenging for the H Shareholders to dispose of their H Shares without adversely affecting the market price of the H Shares. The monthly total trading volume of the H Shares (as a percentage to total issued H Shares) during 1 January 2020 to 31 May 2020 ranged from 0.7% to 2.1% only. The H Share Offer presents an opportunity for the H Shareholders to dispose of their H Shares and exit their investment for cash proceeds which may be reinvested in alternative investments with higher quality.
- Avoidance of holding unlisted shares: assuming the H Share Offer will become unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares will be severely reduced.

### WARNING

**The H Share Offer is conditional upon the satisfaction of the Conditions as described in this Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this Composite Document does not imply that the H Share Offer or the Delisting will be completed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

### Voluntary Withdrawal of Listing of the H Shares

The Offeror has no rights under the laws of the PRC and the Articles of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. The Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution of the independent shareholders to approve a delisting to be made subject to the offeror(s) being entitled to exercise, and exercising, its/their rights of compulsory acquisition requirements.

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## LETTER FROM THE BOARD

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Upon the H Share Offer becoming unconditional, the Company will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. The Offeror does not intend the H Shares to remain listed on the Stock Exchange after the close of the H Share Offer.

**Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether the Company remains as a public company thereafter.**

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

### **PUBLIC FLOAT**

In the event that any of the Conditions of the H Share Offer is not satisfied, the H Share Offer will not become unconditional and the H Share Offer will lapse. Under this circumstance, the public float of the Company will not be affected.

If the H Share Offer becomes unconditional, the Company will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. The Offeror does not intend the H Shares to remain listed on the Stock Exchange after the close of H Share Offer. Under this circumstance, there will not be any issue concerning insufficiency of the public float.

### **CONFLICT OF INTEREST**

The Offeror is held as to 70.5% by Mr. Chen, who is an executive Director, the ultimate controlling shareholder, the chairman and the founder of the Company, and 29.5% by Ms. Wang Rong, the spouse of Mr. Chen. As such, Mr. Chen has abstained from voting on the Board resolutions in relation to the H Share Offer and Delisting. Save as disclosed, no other Directors are considered to have any conflict of interest in respect of the H Share Offer and the Delisting.



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## LETTER FROM THE BOARD

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### MEETINGS

The Extraordinary General Meeting and the H Share Class Meeting will be convened for the purpose of passing resolutions by way of poll to approve the Delisting by the Independent H Shareholders at 9:30 a.m. and 10:00 a.m. or immediately after the conclusion or adjournment of the Extraordinary General Meeting, respectively on Tuesday, 15 September 2020, and pursuant to Rule 2.2 of the Takeovers Code, such approval must be given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the Extraordinary General Meeting and the H Share Class Meeting; and the number of votes cast (by way of poll) against the resolutions should not be more than 10% of the votes attaching to all of the H Shares held by the Independent H Shareholders.

A notice of the Extraordinary General Meeting is set out in Appendix VI to this Composite Document. A notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. The Offeror and the parties acting in concert with the Offeror will abstain from voting in respect of all such Shares at the Extraordinary General Meeting and the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code.

**Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.**

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

### RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out from pages 33 to 34 of this Composite Document, which contains the recommendations of the Independent Board Committee to the Independent H Shareholders in respect of the H Share Offer and the Delisting, and (ii) the "Letter from Sorrento Capital" as set out from pages 35 to 65 of this Composite Document, which contains the advice of Sorrento Capital to the Independent Board Committee and the Independent H Shareholders in respect of the H Share Offer and the Delisting and the principal factors considered by it before arriving at its advice and recommendation.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

The Independent H Shareholders are urged to read the aforesaid letters, this Composite Document together with the accompanying Form of Acceptance carefully before taking any action in respect of the H Share Offer and the Delisting. Your attention is also drawn to the additional information contained in the appendices to this Composite Document. Finally, in considering what action to take in response to the H Share Offer and the Delisting, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully,  
For and on behalf of the Board of  
**EVOC Intelligent Technology Company Limited\***  
**Chen Zhi Lie**  
*Chairman and executive Director*



研祥智能科技股份有限公司

**EVOC Intelligent Technology Company Limited\***

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

**(Stock Code: 2308)**

19 August 2020

*To the Independent H Shareholders*

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL OFFER  
BY ICBC INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL OF THE ISSUED H SHARES IN  
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED  
AND  
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF  
THE H SHARES OF EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**

**INTRODUCTION**

We refer to the Composite Document dated 19 August 2020 jointly issued by the Offeror and the Company of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the H Share Offer and the Delisting and to make a recommendation to the Independent H Shareholders as to whether, in our opinion, the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned, and as to the acceptance of the H Share Offer and the voting of the Delisting. Sorrento Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of Sorrento Capital's advice and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the "Letter from Sorrento Capital" from pages 35 to 65 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board", the "Letter from ICBCI" and the additional information set out in the appendices to the Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We, being the members of the Independent Board Committee, have declared that, as disclosed in the “Letter from the Board”, we are independent and do not have any conflict of interest in respect of the H Share Offer and the Delisting or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer and the Delisting and to make recommendations to the Independent H Shareholders.

### RECOMMENDATIONS

Having taken into account the terms of the H Share Offer and the Delisting, together with the advice and recommendations from Sorrento Capital, we are of the opinion that the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned and therefore we recommend the Independent H Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolution approving the Delisting at the Extraordinary General Meeting and the H Share Class Meeting.

Notwithstanding our recommendation, the Independent H Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent H Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent H Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,  
For and on behalf of  
*Independent Board Committee*

**Mr. Michael  
Yu Tat Chi**  
*Independent  
Non-executive  
Director*

**Mr. Ling Chun Kwok**  
*Independent  
Non-executive  
Director*

**Ms. Wu Yan Nan**  
*Independent  
Non-executive  
Director*

**Mr. Zhang Da Ming**  
*Independent  
Non-executive  
Director*

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## LETTER FROM SORRENTO CAPITAL

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*The following is the text of the letter of advice from Sorrento Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent H Shareholders, in relation to the H Share Offer which has been prepared for the purpose of inclusion in this composite offer and response document.*



11/F, The Wellington  
198 Wellington Street  
Central  
Hong Kong

19 August 2020

*To the Independent Board Committee and the Independent H Shareholders*

Dear Sirs,

**VOLUNTARY CONDITIONAL OFFER BY  
ICBC INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL OF THE ISSUED H SHARES IN  
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED  
AND  
PROPOSED VOLUNTARY WITHDRAWAL OF LISTING  
OF THE H SHARES OF  
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED**

### INTRODUCTION

We refer to our engagement to advise the Independent Board Committee in respect of the terms of the H Share Offer and the acceptance of which and also whether the Delisting is fair and reasonable and the voting of which, particulars of which are set out in a composite offer and response document (the “**Composite Document**”) despatched to the H Shareholders dated 19 August 2020, in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them in the Composite Document.

The Offeror and the Company jointly announced that on 22 June 2020, ICBCI, on behalf of the Offeror, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares at the H Share Offer Price of HK\$1.50 per H Share. As at the Latest Practicable Date, there were 308,352,000 H Shares in issue which represents 25% of the issued share capital of the Company.

Immediately prior to making the H Share Offer, the Offeror and parties acting in concert with it, being SZ Haoxuntong, owned the entirety of 924,792,000 Domestic Shares, representing 75% of the issued share capital of the Company and none of the Offeror or parties acting in concert with it legally or beneficially owns any H Shares.

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## LETTER FROM SORRENTO CAPITAL

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The H Share Offer is subject to the fulfilment of the conditions including but not limited to the passing of the resolutions by the Independent H Shareholders approving the Delisting at the H Share Class Meeting and the Extraordinary General Meeting to be convened by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders (with the number of votes cast (by way of poll) against the resolutions is not more than 10% of the votes attaching to the H Shares held by the Independent H Shareholders) and minimum valid acceptances of the H Share Offer being received amounting to at least 90% of the H Shares held by the Independent H Shareholders. Pursuant to the Takeovers Code, such resolutions are subject to the Offeror having received valid acceptances amounting to 90% of the disinterested H Shares (i.e. the H shares held by the Independent H Shareholders).

ICBCI for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the H Share Offer on the terms set out in the Composite Document in accordance with the Takeovers Code on the following basis:

**For each H Offer Share . . . . . HK\$1.50 in cash**

Further details of the terms and conditions of the H share Offer, including the procedures for acceptance of the H Share Offer, are set out in the Composite Document.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising Mr. Michael Yu Tat Chi, Mr. Ling Chun Kwok, Ms. Wu Yan Nan and Mr. Zhang Da Ming, each an independent non-executive Director, who have no direct or indirect interest in the H Share Offer and the Delisting, has been established by the Company in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to make recommendation to the Independent H Shareholders as to whether (i) the H Share Offer is fair and reasonable and as to the acceptance of the H Share Offer; and (ii) the Delisting is fair and reasonable and whether to vote in favour of such resolutions at the H Share Class Meeting and the Extraordinary General Meeting. We, Sorrento Capital Limited, have been appointed, with approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee in respect of the H Share Offer and the Delisting.

### **BASIS AND ASSUMPTIONS OF OUR OPINION**

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by the management of the Group, the Directors, and/or the Offeror were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Group and the Directors regarding the Group and the H Share Offer, including the information and representations contained in the Composite Document. We have assumed that (i) all such statements, information, opinions and representations expressed to us by the Directors and management of the Company, for which they are solely responsible, are true, accurate and complete in all material aspects at the time they were made and up to the Latest

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## LETTER FROM SORRENTO CAPITAL

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Practicable Date; and (ii) all the opinions and representations have been reasonably made by the Directors and the management of the Company after due and careful enquiry. If there is any material change of information in the Composite Document up to the date of the H Share Class Meeting and the Extraordinary General Meeting, we will inform the Shareholders as soon as practicable. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group, the Offeror and their respective associates nor have we carried out any independent verification of the information supplied. We have not considered the tax implications on the H Shareholders of their acceptances or non-acceptances of the H Share Offer since these are particular to their own individual circumstances. In particular, the H Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the H Share Offer and, if in any doubt, should consult their own professional adviser. Shareholders will be notified as soon as possible of any material change on the information contained in this letter after the Latest Practicable Date throughout the Offer Period.

We are independent from and not connected with the Company, the Offeror or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the last two years, we have not been engaged as any financial adviser to the Company. Accordingly we considered ourselves suitable to give independent advice to the Independent Board Committee and the Independent H Shareholders in respect of the H Share Offer and the Delisting.

### **PRINCIPAL FACTORS AND REASONS CONCERNED**

In considering the fairness and reasonableness of the terms of the H Share Offer as well as the Delisting, we have taken into account the principal factors and reasons set out below:

#### **(i) Review of financial position/performance of the Group**

The Group is principally engaged in two business segments, namely (i) the research, development, manufacturing and distribution of special computer products and the trading of electronic accessories; and (ii) the sales of development properties.

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**LETTER FROM SORRENTO CAPITAL**

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Set out below is a summary of the consolidated financial information on the Group for (i) the years ended 31 December 2017, 2018 and 2019 as extracted from the annual reports of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) and 2019 (the “**2019 Annual Report**”, collectively the “**Annual Reports**”); and (ii) the six months ended 30 June 2020 as extracted from the interim results announcement of the Company for the six months ended 30 June 2020 (the “**2020 Interim Results Announcement**”).

	<b>For the six months ended</b>		<b>For the year ended</b>		
	<b>30 June</b>		<b>31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Turnover	403,301	513,455	1,688,153	1,423,139	1,305,200
Cost of sales	<u>(332,908)</u>	<u>(427,068)</u>	<u>(1,224,954)</u>	<u>(1,207,113)</u>	<u>(1,127,868)</u>
Gross profit	70,393	86,387	463,199	216,026	177,332
Other income	152,045	135,151	328,279	329,215	199,599
Selling and distribution costs	(18,748)	(16,325)	(46,107)	(42,322)	(43,871)
Administrative expenses	(46,495)	(33,708)	(144,456)	(91,160)	(59,952)
Other Operating expenses	(51,594)	(49,260)	(178,085)	(134,087)	(114,031)
Fair value gain/(loss) on investment properties	(20,127)	—	17,718	11,408	(93,740)
Fair value gain/(loss) on transfer of properties held for sale to investment properties	(355)	—	220	17,167	14,458
Finance costs	(106,421)	(98,898)	(127,055)	(98,599)	(40,078)
Income tax credit/(expenses)	<u>4,973</u>	<u>(3,264)</u>	<u>(50,559)</u>	<u>(50,708)</u>	<u>(4,236)</u>
(Loss)/profit for the year/period attributable to owners of the Company	<u><u>(16,329)</u></u>	<u><u>20,083</u></u>	<u><u>263,154</u></u>	<u><u>156,940</u></u>	<u><u>35,481</u></u>

*Source: the Annual Reports and the 2020 Interim Results Announcement*

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## LETTER FROM SORRENTO CAPITAL

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Since the turnover of the Group was contributed by different products, we have further analysed them and set out below are the breakdown of turnover by product type of the Group during each of the three years ended 31 December 2019 and the six months ended 30 June 2019 and 2020 respectively.

Product type	Turnover contribution by product type				
	for the six months ended		for the year ended		
	30 June		31 December		
	2020	2019	2019	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Special computer products	261,205	186,122	529,268	404,157	360,072
Electronic products and accessories					
— Computer components	—	836	—	339,032	531,501
— Mobile phones and accessories	117,497	314,446	847,487	595,570	372,615
Chemical products	—	—	72,343	—	—
Properties	24,599	12,051	239,055	84,380	41,012
Total Turnover	<u>403,301</u>	<u>513,455</u>	<u>1,688,153</u>	<u>1,423,139</u>	<u>1,305,200</u>

*Source: the Annual Reports and the 2020 Interim Results Announcement*

### ***Comparison for the six months ended 30 June 2020 versus the six months ended 30 June 2019***

During the six months ended 30 June 2020, the Group recorded a turnover of approximately RMB403.3 million as compared with that of approximately RMB513.5 million for the six months ended 30 June 2019 mainly due to the decrease in the sales of mobile phones and accessories by approximately 62.6%. According to the 2020 Interim Results Announcement, as a result of the global spread and the ongoing outbreak of the novel coronavirus epidemic, the Chinese and global economies experienced different degrees of instability. The decline in business orders from domestic customers, the suspension or slowdown of production and operation activities, and the significant decrease in the demand for automation led to a sluggish special computer market. Customers' orders placed before the epidemic requested for delay in delivery, while many projects won in bidding were delayed and were ultimately cancelled. Some products had been produced and put into storage but were unable to be delivered as customers could not receive and sign for their parcels. Nevertheless, the Company recorded an overall gross profit margin of approximately 17.5% for the six months ended 30 June 2020 which is comparable to that of approximately 16.8% for the six months ended 30 June 2019 mainly due to less sale of mobile phones and accessories which have lower profit margin comparing to special computer products.



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## LETTER FROM SORRENTO CAPITAL

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Special computer products became the largest contributor of the Group's turnover for the six months ended 30 June 2020 which represented approximately 64.8% of the total turnover of the Group for the period. We have reviewed a sales breakdown of special computer products for the first half of 2019 and 2020 and noted that such increase in turnover was mainly due to the increased demand of computer products sold to customers relating to certain sectors such as information security and communication, railway and transportation, medical and government which are less sensitive to the recent spread of COVID-19.

Turnover from the sales of mobile phones and accessories decreased significantly by approximately 62.6% during the six months ended 30 June 2020 as compared to the same period in 2019. As advised by the Company, orders placed by a large customer in the PRC which mainly purchased mobile phone products have decreased in light of the spread of COVID-19.

Turnover from sales of properties increased from approximately RMB12.1 million for the six months ended 30 June 2019 to approximately RMB24.6 million for the six months ended 30 June 2020. We have reviewed a breakdown of sales of properties of the Group and noted that such growth was mainly due to the increase in sales and completion, in terms of area, of properties in Wuxi, Jiangsu Province, the PRC.

During the six months ended 30 June 2020, the Company did not conduct any trading business of chemical products as the Group occasionally conducted transactions to supply chemical products to a customer for its production of packing materials in second half of 2019.

Apart from the sales of properties, we also noted from other income of the Group that the Group recorded certain rental income from its investment properties. During the six months ended 30 June 2020, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB51.6 million, representing a decrease of approximately 18.0% as compared to that of approximately RMB62.9 million in the same period in 2019 mainly due to the increase in vacancy rate of investment properties.

Operating costs comprising selling and distribution costs and administrative expenses of the Group increased from approximately RMB50.0 million for the six months ended 30 June 2019 to approximately RMB65.2 million for the six months ended 30 June 2020 mainly due to the increase in wages and welfare benefit of sales team and administrative staff.

During the six months ended 30 June 2020, the Group recorded a fair value loss on investment properties of approximately RMB20.1 million and fair value loss on transfer of properties under development to investment properties of approximately RMB0.4 million respectively.

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## LETTER FROM SORRENTO CAPITAL

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Finance costs increased from approximately RMB98.9 million for the six months ended 30 June 2019 to approximately RMB106.4 million for the six months ended 30 June 2020 mainly due to increase in bank borrowings during the period.

As a result of the above, the Group recorded a loss for the year attributable to owners of the Company of approximately RMB16.3 million for the six months ended 30 June 2020 as compared to the profit of approximately RMB20.1 million for the six months ended 30 June 2019.

### *Comparison for the year ended 31 December 2019 versus the year ended 31 December 2018*

During the year ended 31 December 2019, the Group recorded a turnover of approximately RMB1.7 billion as compared with that of approximately RMB1.4 billion for the year ended 31 December 2018 mainly due to (i) increase in the sales of special computer products by approximately 31.0%; (ii) increase in the sales of mobile phones and accessories by approximately 42.3%; and (iii) increase in the sales of properties by approximately 183.3%. The overall gross profit margin of the Group increased from approximately 15.2% for the year ended 31 December 2018 to approximately 27.4% for the year ended 31 December 2019 mainly due to the improvement of profit margin in special computer products. Nevertheless, as set out in the 2019 Annual Report, since 2019, (i) more and more Chinese enterprises have been included in the Entity List released by the U.S. Department of Commerce and thus more export restrictions on integrated circuits from the U.S.; and (ii) the price of storage integrated circuits increased due to the trade conflict between Japan and South Korea, and these factors intensified the risks pertaining to the availability of and the price rise in the raw materials of special computers.

Mobile phones and accessories remained as the largest contributor of the Group's turnover for the year ended 31 December 2019 which represented approximately 50.2% of the total turnover of the Group for the same year. As advised by the Company, such products were mainly mobile phones, tablet computers, parts and accessories and the increase in sales of them was mainly due to the increased demand of a large customer in the PRC which mainly purchased 3G and 4G mobile phone products.

Turnover from sales of properties recorded the largest percentage growth for the year ended 31 December 2019 as compared to the prior year. We have reviewed a breakdown of sales of properties of the Group and noted that such growth was mainly due to the increase in sales and completion, in term of area, of properties located in Wuxi, Jiangsu Province, the PRC.

During the year ended 31 December 2019, the Group occasionally conducted trading business to supply chemical products to a customer for its production of packing materials and such transactions were not conducted in 2018.

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## LETTER FROM SORRENTO CAPITAL

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Apart from the sales of properties, we also noted from other income of the Group that the Group recorded certain rental income from its investment properties. During the year ended 31 December 2019, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB168.4 million, representing an increase of approximately 8.3% as compared to approximately RMB155.5 million in the prior year.

Operating costs comprising selling and distribution costs and administrative expenses of the Group increased from approximately RMB133.5 million for the year ended 31 December 2018 to approximately RMB190.6 million for the year ended 31 December 2019 mainly due to the increase in wages and welfare benefit of sales team and increase of property insurance, wages and welfare costs of administrative staff.

Total fair value gain on investment properties and transfer of properties held for sale to investment properties decreased from approximately RMB28.6 million for the year ended 31 December 2018 to approximately RMB17.9 million for the year ended 31 December 2019 mainly due to a decrease in value of properties held for sale transferred to investment properties.

Finance costs increased from approximately RMB98.6 million for the year ended 31 December 2018 to approximately RMB127.1 million for the year ended 31 December 2019 mainly due to the increase of bank borrowings.

As a result of the above, the Group recorded a profit for the year attributable to owners of the Company of approximately RMB263.2 million for the year ended 31 December 2019 as compared to that of approximately RMB156.9 million for the year ended 31 December 2018.

*Comparison for the year ended 31 December 2018 versus the year ended 31 December 2017*

As set out in the 2018 Annual Report, with the intensification of the trade protectionism in Western countries and the lasting time and outcome of Sino-US trade frictions remaining unclear, risks and uncertainties for the Company's future business may increase. Therefore, the Company had simultaneously developed and launched independently controllable products (e.g. computer servers for industrial applications), seeking to tap the localized markets. During the year ended 31 December 2018, the Group recorded a turnover of approximately RMB1.4 billion as compared to approximately RMB1.3 billion for the year ended 31 December 2017 mainly due to (i) increase in the sales of mobile phones and accessories by approximately 59.8%; and (ii) increase in the sales of properties by approximately 105.7%. The overall gross profit margin of the Group increased from approximately 13.6% for the year ended 31 December 2017 to approximately 15.2% for the year ended 31 December 2018 mainly due to the improvement of profit margin in special computer products.

Mobile phones and accessories remained as the largest contributor of the Group's turnover for the year ended 31 December 2018 which represented approximately 41.8% of the total turnover of the Group for the same year. As advised by the Company, such products were mainly mobile phones, tablet computers, parts and accessories and the increase in sales of them was mainly due to the demand of a large customer in the PRC which mainly purchased 3G and 4G mobile phone products.

Turnover from sales of properties recorded the largest percentage growth for the year ended 31 December 2018 as compared to the prior year. We were advised by the Company that such growth was mainly due to the sales and completion of properties located in Wuxi, Jiangsu Province, the PRC.

Apart from the sales of special computers, electronic products and accessories and properties, we also noted from other income of the Group that the Group recorded certain rental income from its investment properties. During the year ended 31 December 2018, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB155.5 million, representing an increase of approximately 19.9% as compared to RMB129.7 million in the prior year.

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## LETTER FROM SORRENTO CAPITAL

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Selling and distribution costs slightly decreased from approximately RMB43.9 million for the year ended 31 December 2017 to approximately RMB42.3 million for the year ended 31 December 2018 mainly due to the decrease of promotional and advertising cost.

Administrative expenses increased from approximately RMB60.0 million for the year ended 31 December 2017 to approximately RMB91.2 million for the year ended 31 December 2018 mainly due to the increase of staff benefit cost and amortisation of renovation.

Fair value gain on transfer of properties held for sale to investment properties increased from approximately RMB14.5 million for the year ended 31 December 2017 to approximately RMB17.2 million for the year ended 31 December 2018 mainly due to increase in value of properties held for sale transferred to investment properties.

Fair value gain on investment properties was recorded for the year ended 31 December 2018 as compared to loss recorded for the year ended 31 December 2017 mainly due to the change in fair value of investment properties.

Finance costs increased from approximately RMB40.1 million for the year ended 31 December 2017 to approximately RMB98.6 million for the year ended 31 December 2018 mainly due to the increase of bank borrowings.

As a result of the above, the Group recorded a profit for the year attributable to owners of the Company of approximately RMB156.9 million for the year ended 31 December 2018 as compared to that of approximately RMB35.5 million for the year ended 31 December 2017.

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**LETTER FROM SORRENTO CAPITAL**

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We have further summarised below the audited consolidated statements of financial positions of the Company as at 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited consolidated statements of financial positions of the Company as at 30 June 2020 respectively:

	<b>As at 30 June</b>	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)	(audited)
<b>Non-current assets</b>				
Investment properties	2,093,699	2,112,208	2,044,931	1,708,894
Property, plant and equipment	797,186	804,106	760,954	870,921
Others	<u>112,704</u>	<u>119,541</u>	<u>66,908</u>	<u>66,744</u>
	<u>3,003,589</u>	<u>3,035,855</u>	<u>2,872,793</u>	<u>2,646,559</u>
<b>Current assets</b>				
Properties held for sale	1,447,243	1,441,438	964,455	353,761
Properties under development	654,161	623,257	863,600	1,325,966
Trade receivables	380,849	295,607	131,211	149,570
Bills receivable	122,210	115,357	34,115	51,714
Inventories	167,856	71,234	37,301	31,874
Cash and cash equivalents	1,661,926	1,281,633	1,079,953	681,100
Others	<u>216,937</u>	<u>324,507</u>	<u>272,262</u>	<u>351,164</u>
	<u>4,651,182</u>	<u>4,153,033</u>	<u>3,382,897</u>	<u>2,945,149</u>
<b>Total assets</b>	7,654,771	7,188,888	6,255,690	5,591,708
<b>Non-current liabilities</b>				
Bank borrowings	2,090,830	1,760,018	1,109,496	795,172
Others	<u>441,159</u>	<u>449,485</u>	<u>358,698</u>	<u>333,408</u>
	<u>2,531,989</u>	<u>2,209,503</u>	<u>1,468,194</u>	<u>1,128,580</u>
<b>Current liabilities</b>				
Trade payables	940,301	1,000,062	740,185	729,996
Bank borrowings	920,000	781,225	1,268,081	1,300,880
Contract liabilities	86,147	104,942	195,034	—
Others	<u>607,902</u>	<u>515,482</u>	<u>324,852</u>	<u>363,893</u>
	<u>2,554,350</u>	<u>2,401,711</u>	<u>2,528,152</u>	<u>2,394,769</u>
<b>Total liabilities</b>	<u>5,086,339</u>	<u>4,611,214</u>	<u>3,996,346</u>	<u>3,523,349</u>
<b>Net assets</b>	<u><u>2,568,432</u></u>	<u><u>2,577,674</u></u>	<u><u>2,259,344</u></u>	<u><u>2,068,359</u></u>

*Source: the Annual Reports and the 2020 Interim Results Announcement*

## LETTER FROM SORRENTO CAPITAL

Since the majority of the assets of the Group was relating to properties, we have further listed out the portfolio of the Group's properties with reference to the property valuation report set out in Appendix III to the Composite Document below.

No.	Details of properties	Location	Total gross floor area ( <i>approx. sq.m.</i> )	Market value in existing state (RMB)/ <i>approx. area (sq.m.)</i> as at 30 June 2020					Total market value in existing state as at 30 June 2020 ( <i>RMB</i> )
				Properties held for sale	Properties held and occupied by the Group	Properties held for investment	Properties held under development	Properties held for future development	
1.	Two units in a factory building	Futian, Shenzhen, Guangdong Province	1,152	—	—	31,000,000 (1,152 sq.m.)	—	—	31,000,000
2.	An office building with other facilities and car parking spaces	Nanshan, Shenzhen, Guangdong Province	61,523	—	217,800,000 (9,897 sq.m.)	762,900,000 (51,626 sq.m.)	—	—	980,700,000
3.	An office building, two factory buildings and an apartment building with car parking spaces	Bao'an, Shenzhen, Guangdong Province	245,482	—	198,000,000 (55,666 sq.m.)	940,000,000 (189,816 sq.m.)	—	—	1,138,000,000
4.	60 units in a residential building project	Bao'an, Shenzhen, Guangdong Province	5,311	—	No Commercial Value	—	—	—	No Commercial Value
5.	An industrial project which a factory building with other facilities are on a parcel of land for further development	Gangzha, Nantong, Jiangsu Province	230,019	—	272,000,000 (72,893 sq.m.)	—	—	17,000,000 (planned 157,126 sq.m.)	289,000,000
6.	Two office buildings with retail units and car parking spaces	Binjiang, Hangzhou, Zhejiang Province	65,511	—	15,100,000 (3,680 sq.m.)	254,600,000 (61,831 sq.m.)	—	—	269,700,000
7.	A commercial and office building with retail units, other facilities and car parking spaces	Huaqiao, Kunshan, Jiangsu Province	162,055	—	—	—	349,000,000 (planned 162,055 sq.m.)	—	349,000,000
8.	A residential and commercial development with car parking spaces of which certain units of completed Phases 1 and 2 remained unsold and Phase 3 to be further developed for hotel and convention centre	Dianshanhu, Kunshan, Jiangsu Province	246,444	1,170,700,000 (133,129 sq.m.)	7,600,000 (914 sq.m.)	21,300,000 (2,563 sq.m.)	—	81,000,000 (109,838 sq.m.)	1,280,600,000
9.	A commercial apartment building, two office buildings, a shopping mall and car parking spaces. A site being developed for office use and car parking spaces	Xishan, Wuxi, Jiangsu Province	239,001	273,900,000 (35,224 sq.m.)	121,640,000 (53,112 sq.m.)	682,560,000 (88,469 sq.m.)	183,300,000 (62,196 sq.m.)	—	1,261,400,000
10.	Commercial apartment units remained unsold and sold but not delivered	Xishan, Wuxi, Jiangsu Province	59,023	810,000,000 (59,023 sq.m.)	—	—	—	—	810,000,000
<b>Total</b>				<u>2,254,600,000</u>	<u>832,140,000</u>	<u>2,692,360,000</u>	<u>532,300,000</u>	<u>98,000,000</u>	<u>6,409,400,000</u>

The non-current assets of the Group comprised mainly its investment properties, property, plant and equipment and the current assets of the Group comprised mainly its properties held for sale, properties under development, cash and cash equivalents and trade receivables. The decrease in non-current assets for the six months ended 30 June 2020 was mainly due to the decrease in carrying value of investment properties after revaluation and property, plant and



equipment as a result of depreciation. The non-current liabilities of the Group comprised mainly its bank borrowings. The current liabilities of the Group comprised mainly its trade payables and bank borrowings. As at 30 June 2020, the cash and bank balances of the Group was approximately RMB1.7 billion, representing an increase of approximately 30.8% as compared with approximately RMB1.3 billion as at 31 December 2019 mainly due to the net cash generated from operating activities and obtainment of new proceeds from bank borrowings. The net assets of the Group was approximately RMB2.6 billion as at 31 December 2019 and 30 June 2020.

**(ii) Information and principal business of the Offeror**

The Offeror was incorporated on 5 February 1997 and is validly existing under the laws of the PRC as a company with limited liability. Its principal business activities include investment holding, development, production and trading of computer and electronic products. The Offeror is held as to 70.5% by Mr. Chen Zhi Lie, who is an executive Director, the ultimate controlling shareholder, the chairman and the founder of the Company, and 29.5% by Ms. Wang Rong, the spouse of Mr. Chen Zhi Lie. As at the Latest Practicable Date, the directors of the Offeror are Mr. Chen Zhi Lie, Ms. Wang Rong and Ms. Chen Xi and the supervisor of the Offeror is Mr. Wang Jiajie.

**(iii) Intention of the Offeror in relation to the Group**

Set out below are the Offeror's intention in relation to the Group as extracted from "Letter from ICBCI" in the Composite Document:

***Business of the Group***

The Offeror intends to continue with the existing business of the Group and does not intend to make any material changes to the current business operations of the Group following completion of the H Share Offer. It is also the intention of the Offeror that there will not be any material changes in the management or employees of the Group as a result of the H Share Offer; and after the Delisting, the Company will not seek for listing of its Shares on any other stock exchanges (including the stock exchanges in the PRC).

***Delisting***

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective. According to the Letter from the Board, the Offeror does not intend the H Shares to remain listed on the Stock Exchange after the close of the H Share Offer.

*No Right of Compulsory Acquisition*

The Offeror has no rights under the laws of the PRC and the Articles of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company thereafter.

In this regard, the Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

**(iv) Reasons for and benefits of the H Share Offer and the Delisting**

*(a) Uncertain market conditions and the Group's prospect*

As stated in the 2019 Annual Report, the Group's business and future prospects could be materially affected by certain risks and uncertainties. For example, as the Group is engaged in the development and production of computer, communication and electronic hardware which are technology-intensive and capital-intensive, there is uncertainty as to whether the Group can continue to succeed in research and development and maintain its competitive edge in technology. Furthermore, as stated in the 2019 Annual Report, the outbreak of coronavirus epidemic has caused increase in production cost in Mainland China, delay in supply of materials, production and sales schedule. As stated in the 2020 Interim Results Announcement, the Group recorded a decrease in turnover by approximately 21.5% and a loss attributable to the owners of the Company of RMB16.3 million. As a result of the global spread and the ongoing outbreak of the novel coronavirus epidemic, the Chinese and the global economies experienced different degrees of instability. The decline in business orders from domestic customers, the suspension or slowdown of production and operation activities, and the significant decrease in the demand for automation led to a sluggish special computer market. There are also increasing risks pertaining to the availability of and price rise in import of foreign integrated circuits, which poses relatively serious concerns to the continuous production and technological innovation of the Group's products.

As set out in the Letter from ICBCI, given such uncertainties to the Group's prospects and future financial performance, investors may have different expectations and requirements with regard to the return on investment of the Group, which may differ from the development plan of the Group in the long run.

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The H Share Offer, if completed, will enable the Company to have greater flexibility to make timely investment decisions and to focus on the long term development of the Group.

The Offeror also considers that the Delisting will facilitate business integration between the Offeror and the Company, giving the Offeror more flexibility to support the future business development of the Company without being subject to regulatory restrictions and compliance obligations associated with the related obligations arising from the listing status of the Company on the Stock Exchange. After the Delisting, the relevant listing costs and expenses will also be saved.

We have reviewed the 2020 Interim Results Announcement to analyse its recent performance of the Group and noted that the unaudited turnover and profit for the six months ended 30 June 2020 decreased by approximately 21.5% as compared to that for the same period in prior year and net loss was recorded for the six months ended 30 June 2020 as compared to profit for the same period in prior year. As advised by the Company, utilisation of the Group's production capacity in respect of its special computer products and electronic accessories decreased in the first six months in 2020 as compared to the same period in 2019 mainly due to the longer time required for the Group to receive their materials from suppliers and the suspension of production post outbreak of COVID-19 and hence, profitability was adversely affected. As regard the near future, the Group will use their best endeavour to negotiate with customers for new orders as well as suppliers for stable supplies. However, these are subject to the recovery of economic activities in the PRC which will mainly depend on the trading relationship between the PRC and U.S. and control of COVID-19 and the outcome and timing of which the Board is unable to predict. As regard to the sales of properties of the Group, we were advised by the Company that due to the current uncertain economic environment, progress of the Group's construction as well as the completion of properties have been and would continue to be adversely affected.

For the investment properties of the Group, we have reviewed a list of tenancy and noted that most of the tenure are expected to expire by 2020 and 2021. Under the uncertain economic environment and in the absence of long term tenancy, the Company considers that the continuance of existing leases of the Group's properties and level of recurring rental income in future may also be affected. As advised by the Company, they will continue to review the status of the uncertain business environment and devise strategies on their business and use of the Group's resources for long term development of the Group but no concrete plan has been formulated as at the Latest Practicable Date.

*(b) Realisation of investment by the Independent H Shareholders*

For the H Shareholders, the Offeror believes that the H Share Offer provides a compelling opportunity to dispose of their H Shares for the following reasons:

- **Premium valuation:** the H Share Offer provides an opportunity for the H Shareholders to sell their H Shares and receive cash at a price above the prevailing market price. In particular, closing price of the H Shares has never exceeded the H Share Offer Price for almost two years-time. The H Share Offer Price represented a premium of approximately 105.5% over the last 60 trading days immediately prior to and including the Last Trading Date.
- **Certain and immediate value:** since trading volume in the H Shares has been thin for most of the time during a relatively long period, it may be challenging for the H Shareholders to dispose of their H Shares without adversely affecting the market price of the H Shares. The monthly total trading volume of the H Shares (as a percentage to total issued H Shares) during 1 January 2020 to 31 May 2020 ranged from 0.7% to 2.1% only. The H Share Offer presents an opportunity for the H Shareholders to dispose of their H Shares and exit their investment for cash proceeds which may be reinvested in alternative investments with higher quality.
- **Avoidance of holding unlisted shares:** assuming the H Share Offer will become unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares will be severely reduced.

The H Share Offer Price of HK\$1.50 per H Offer Share represents:

- (i) a premium of approximately 64.8% over the closing price of HK\$0.91 per H Share as quoted on the Stock Exchange on 15 June 2020 prior to the trading halt of the H Shares pending from the release of the Rule 3.5 Announcement;
- (ii) a premium of approximately 82.9% over HK\$0.82 which is the average closing price per H Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 94.8% over HK\$0.77 which is the average closing price per H Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date;

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- (iv) a premium of approximately 100.0% over HK\$0.75 which is the average closing price per H Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date;
- (v) a premium of approximately 105.5% over the average closing price of approximately HK\$0.73 per H Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;
- (vi) a premium of approximately 100.0% over the average closing price of approximately HK\$0.75 per H Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Date;
- (vii) a premium of approximately 89.9% over the average closing price of approximately HK\$0.79 per H Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to and including the Last Trading Date;
- (viii) a discount of approximately 35.6% to the audited consolidated net asset value of the Company of approximately RMB2.09 per Share as at 31 December 2019 (equivalent to approximately HK\$2.33 per Share based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date);
- (ix) a discount of approximately 35.4% to the unaudited consolidated net asset value of the Company of approximately RMB2.08 per Share as at 30 June 2020 according to the 2020 Interim Results Announcement (equivalent to approximately HK\$2.32 per Share based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date);
- (x) a discount of approximately 52.2% to the adjusted unaudited consolidated net asset value per Share of the Company (the "**Adjusted Unaudited NAV per Share**") of approximately RMB2.81 per Share as at 30 June 2020 (equivalent to approximately HK\$3.14 per Share based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date) which is arrived at after taking into account (i) the unaudited net asset value of the Company attributable to the Shareholders as at 30 June 2020; and (ii) the revaluation surplus property interest over the net book value of the properties as at 30 June 2020 net of estimated deferred taxation arising from the revaluation surplus (details of the Adjusted Unaudited NAV and property valuation are set out in the Appendix II and Appendix III to the Composite Document respectively); and

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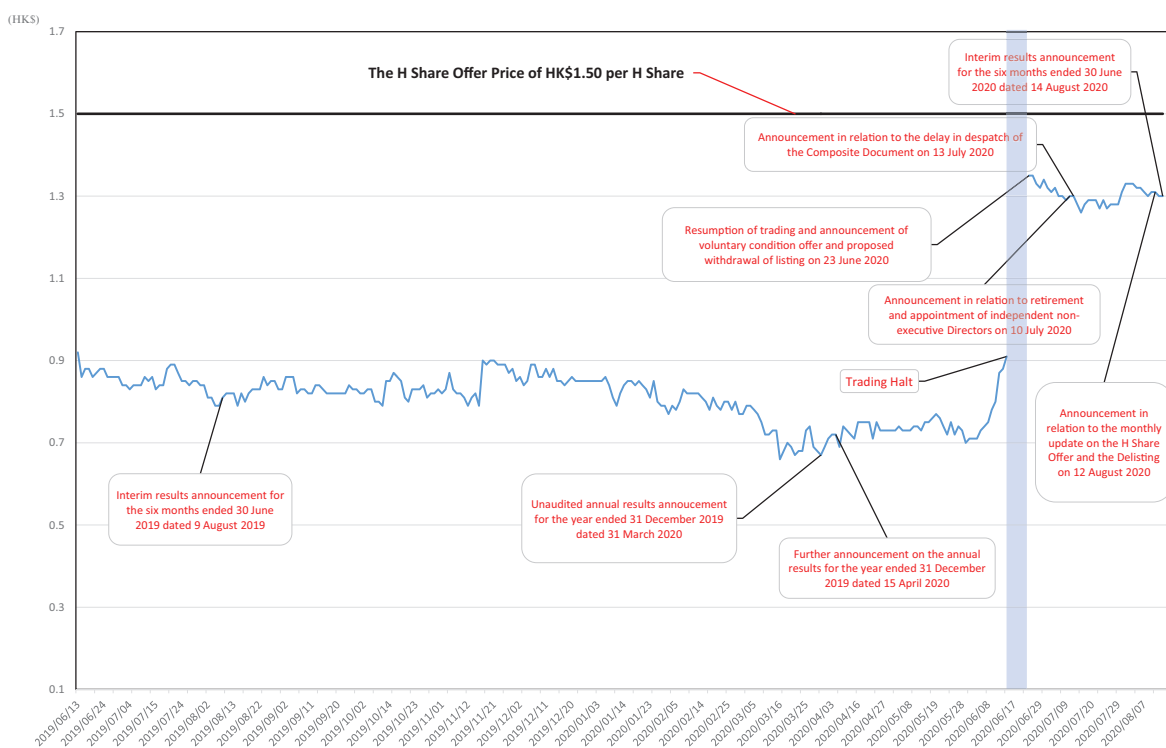
- (xi) a premium of approximately 15.4% over the closing price of HK\$1.30 per H Shares as quoted on the Stock Exchange as at the Latest Practicable Date.

We have assessed the reasonableness of the H Share Offer Price by referencing to (i) the historical trading prices of the H shares; (ii) the trading volume of the H Shares; (iii) market comparable analysis; and (iv) precedents of privatisation transactions and set out in the following context of this letter.

### (v) Historical Share price performance

For the purpose of further comparing the H Share Offer Price of HK\$1.50 per H Share with the market price of the H Shares, we have plotted the closing price level of the Shares traded on the Stock Exchange for a 12 month period (“**Pre-Announcement Period**”) from 13 June 2019 to 15 June 2020, being the date on which the trading of the H Shares was halted in the morning trading session, and further up to the Latest Practicable Date (the “**Post-Announcement Period**”, collectively the “**Review Period**”) as follows:

#### Closing price of the H Shares during the Review Period



Source: The Stock Exchange



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### *(a) Pre-Announcement Period*

As shown in the chart above, closing prices of the H Shares were below the H Share Offer Price during the entire Pre-Announcement Period and fluctuated between HK\$0.66 per H Share and HK\$0.92 per H Share. During this period, the Company announced (i) its unaudited interim results for the six months ended 30 June 2019 on 9 August 2019; (ii) its unaudited annual results for the year ended 31 December 2019 on 31 March 2020; and (iii) its further information in relation to its audited annual results for the year ended 31 December 2019 on 15 April 2020 that there was no change in audited results as compared with the unaudited ones previously announced.

Since 10:07 a.m. on 15 June 2020, trading of the Shares was halted pending the publication of an announcement by the Company pursuant to Takeovers Code containing certain inside information of the Company. Before the time of trading halt, the closing price of the H Shares was HK\$0.91 per H Share which was almost the highest closing price during the Pre-Announcement Period.

### *(b) Post-Announcement Period*

At 9:00 a.m. on 23 June 2020, trading of the H Shares was resumed after the publication of the Rule 3.5 Announcement and the closing price of the H Share reached HK\$1.35 per H Share. Since then the closing prices of the H Shares have been generally on a decreasing trend but remained above HK\$1.26 per H Share. On 10 July 2020, the Company announced that Mr. Wen Bing and Mr. Dong Li Xin retired as the independent non-executive Directors and Ms. Wu Yan Nan and Mr. Ling Chun Kwok were appointed as the independent non-executive Directors with effect from 29 June 2020 and both Ms. Wu Yan Nan and Mr. Ling Chun Kwok became members of the Independent Board Committee. On 13 July 2020, the Company announced the delay in despatch of the Composite Document. On 12 August 2020, the Company announced the monthly update on the H Share Offer and the Delisting. On 14 August 2020, the Company announced its unaudited interim results for the six months ended 30 June 2020.

As confirmed by the Directors, save for the release of the Rule 3.5 Announcement, the Directors are not aware of any specific event that caused the substantial increases in prices of the H Shares immediately after the publication of the Rule 3.5 Announcement. Hence, we consider that the aforesaid increases in prices of the H Shares reflected the market's reaction to the H Share Offer.



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**(vi) Historical trading volume of the Shares**

The following table sets out the historical monthly trading volume of the H Shares and the percentage of the number of H Shares traded compared to the total number of the H Shares in issue during the Review Period:

Months/period	Number of trading days	Total trading volume (Number of H Shares)	Average daily trading volume (Number of H Shares) (Note 1)	% of average daily trading volume to the total number of H Shares in issue/total number of H Shares held by the Independent H Shareholders (%) (Note 2)
<b>2019</b>				
June (Note 3)	12	2,484,000	207,000	0.067
July	22	3,608,320	164,015	0.053
August	22	3,836,000	174,364	0.057
September	21	1,889,495	89,976	0.029
October	21	2,280,000	108,571	0.035
November	21	9,252,000	440,571	0.143
December	20	2,664,800	133,240	0.043
<b>2020</b>				
January	20	6,329,360	316,468	0.103
February	20	2,283,600	114,180	0.037
March	22	4,560,000	207,273	0.067
April	19	4,712,000	248,000	0.080
May	20	5,486,000	274,300	0.089
June (Note 4)	16	40,623,920	2,538,995	0.823
— Prior to trading halt	11	7,435,920	675,993	0.219
— After resumption in trading	5	33,188,000	6,637,600	2.153
July	22	25,048,640	1,138,575	0.369
August (up to the Latest Practicable Date)	10	6,524,000	652,400	0.212

Source: The Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the H Shares on the Stock Exchange was suspended for the whole day, if any.
2. The calculation is based on the average daily trading volume of the H Shares divided by the balance of total number of issued H Share at the end of the respective month/period. As set out in the Letter from the Board, none of the Offeror or parties acting in concert with it legally or beneficially owns any H Shares.

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3. Only 12 trading days are taken into account as the Review Period commences from 13 June 2019.
4. Trading in the H Shares was halted for around six trading days from 10:07 a.m. on 15 June 2020 to 22 June 2020 pending the publication of the Rule 3.5 Announcement.

As illustrated in the table above, the average daily trading volume of the H Shares for the respective month/period was generally thin during the Pre-Announcement Period and ranged from approximately 89,976 H Shares in September 2019 to approximately 675,993 H Shares recorded in June 2020, representing approximately 0.029% to approximately 0.219% of the total number of the H Shares in issue as at the end of the relevant month/period. Such percentages also represent the average daily trading volume of the H Shares held by the Independent H Shareholders during the Pre-Announcement Period as none of the Offeror or parties acting in concert with it legally or beneficially owns any H Shares according to the Letter from the Board.

The Rule 3.5 Announcement was published on 23 June 2020 and trading in the H Shares was resumed from 9:00 a.m. on 23 June 2020. During the five trading days post the publication of the Rule 3.5 Announcement, the average daily trading volume of the H Shares reached approximately 6,637,600 H Shares. As a result, the trading volume in June 2020 was higher than all other months during the Review Period. The average daily trading volume of the H Shares decreased to approximately 1,138,575 H Shares in July 2020 and approximately 652,400 H Shares in August 2020 (up to the Latest Practicable Date) respectively but remained higher than those during the Pre-Announcement Period (except June 2020).

The H Shareholders should be mindful as to whether there will be sufficient liquidity in the H Shares for those who wish to realise part or all of their investment in the Company at the prevailing market price of the H Shares and whether their disposal of H Shares will exert a downward pressure on the market prices of the H Shares.

### **(vii) Market comparable analysis**

The Group is principally engaged in two business segments, namely (i) the research, development, manufacturing and distribution of special computer products and the trading of electronic accessories; and (ii) the sales of development properties. According to the 2019 Annual Report and the 2020 Interim Results Announcement, (i) substantial portion of the turnover of the Company for the year ended 31 December 2019 and the six months ended 30 June 2020 was contributed by the sales of special computer products and electronic products and accessories; and (ii) the majority of the total assets of the Company as at 31 December 2019 and 30 June 2020 were investment properties, properties under development and properties held for sale. As such we have conducted research on the companies listed on the Stock Exchange with similar business model, products, geographic markets and size but there is no companies listed on the Stock Exchange principally engaged in the sales of the same product mix (i.e. mainly special computers, electronic products and accessories and properties) as at the Latest Practicable Date. Hence, we have conducted research on two different industries, namely electronics (including information technology hardware and

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equipment, computers, mobile phones and related parts) and property development and investment which are relevant to the Group's principal businesses, and exhaustively identified (i) six companies listed on the Stock Exchange which are principally engaged in sales of electronic products; and (ii) 17 companies listed on the Stock Exchange which are principally engaged in development and investment of properties. In selecting these 23 companies, we take into account those (i) with not less than 90% of revenue generated from an industry similar to those of the Group in the latest financial year and interim period (if announced); (ii) with not less than 90% of revenue generated from the PRC market as all the turnover of the Group are located in the PRC; and (iii) with market capitalisation of not more than HK\$2.0 billion as at the Latest Practicable Date which we consider a reasonable benchmark for size comparison as the hypothetical market capitalisation of the Company was approximately HK\$1.60 billion as at the Latest Practicable Date (based on the closing price of the H Shares and the total number of the Shares in issue (including both Domestic Shares and H Shares) as at the Latest Practicable Date).

Nevertheless, among the abovementioned six companies principally engaged in sales of electronic products, we noted that trading of shares of China Trends Holdings Limited (stock code: 8171) and Global Token Limited (stock code: 8192) on the Stock Exchange have been suspended since March 2020 and October 2019 respectively. Therefore we consider that their respective closing prices on last trading days may not reflect the current position of these two companies and hence the market capitalisation and market multiple valuation of these two companies are not meaningful for comparison. In view of the similarity of the industry, geographic market and market capitalisation of the remaining four companies principally engaged in sales of electronic products (the "**Electronic Comparables**") and the abovementioned 17 companies principally engaged in development and/or investment of properties (the "**Property Comparables**", together with the Electronic Comparables, the "**Market Comparables**") and those of the Company, we consider the Market Comparables are fair and representative sample for comparison to the Company. Shareholders should note that the principal activities, market capitalisations, profitability and financial positions of each of the Market Comparables are different which may affect how they are actually valued and their respective market multiple valuations in the market. Therefore, the comparison with the Market Comparables set out in this letter is solely for general reference to the market trend when assessing the fairness and reasonableness of the H Share Offer Price.

In assessing the fairness and reasonableness of the H Share Offer Price, we have performed a price-to-earnings ratio (the "**P/E Ratio**") analysis, which is one of the most widely used and accepted methods for valuing a business with recurrent income. However, as property related assets (i.e. property, plant and equipment, right-of-use assets and properties under development) of all the Electronic Comparables represent relatively small percentages of their total assets as at the end of their respective latest financial year or interim period when comparing to the Group, we consider the net asset approach is not an appropriate approach to assess the fairness and reasonableness of the H Share Offer Price with reference to the Electronic Comparables. On the other hand, as the Group did not declare or distribute any

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dividend for the last financial year, we consider that the price-to-dividends approach is not applicable in assessing the fairness or reasonableness of the H Share Offer Price in this case. Details of our analysis on the P/E Ratios of the Company and the Electronic Comparables are set out in the table below.

The following table sets out the Electronic Comparables we consider as reasonable benchmarks for the Group:

Company/Stock Code	Principal business activities	Market capitalisation ( <i>HKS' million</i> ) ( <i>Note 1</i> ) (a)	Profit (Loss) attributable to shareholders during the latest full financial year ( <i>HKS' million</i> ) (b)	Net asset value attributable to shareholders as at the end of latest full financial year or interim period ( <i>HKS' million</i> ) ( <i>Note 2</i> ) (c)	P/E Ratios ( <i>times</i> ) (a)/(b)
Zhuoxin International Holdings Ltd (8266)	Trading of electronic parts and components in relation to display modules and touch panel modules, property development and property investment.	75.41	(42.21)	19.41	N/A
Changhong Jiahua Holdings Limited (3991)	Sales of Information and Communication Technology (ICT) products (e.g. information technology products and smartphones) and provision of professional integrated ICT solutions and services.	1,178.27	289.17	1,902.06	4.07
Tongda Hong Tai Holdings Limited (2363)	Manufacture and sales of casings of notebook and tablet.	71.86	(68.12)	299.06	N/A
Zhejiang Rui Yuan Intelligent Control Technology Company Limited (8249)	Sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances in the PRC.	31.41 ( <i>Note 3</i> )	(7.64)	(43.94)	N/A
			<b>Statistics:</b>	Min	4.07
				Max	4.07
				Mean	4.07
				Median	4.07
The Company		1,603.09	293.86	2,868.12	6.29
				<i>(based on the 2020 Interim Results Announcement)</i>	<i>(Note 4)</i>

*Source: the Stock Exchange*

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*Notes:*

1. Unless otherwise specified, market capitalisation is calculated based on the closing price of shares and the number of shares in issue of the Electronic Comparables as at the Latest Practicable Date.
2. The net asset value attributable to shareholders refers to the latest published accounts set out in annual reports or interim results announcement/interim reports of the Electronic Comparables.
3. The market capitalisation is calculated based on the closing price of shares on the Stock Exchange and the total number of shares (i.e. both H shares and domestic shares) in issue of Zhejiang Rui Yuan Intelligent Control Technology Company Limited as at the Latest Practicable Date.
4. Based on the H share Offer Price of HK\$1.50 per H Share and the earning per Share of approximately RMB0.213 (calculated based on the consolidated audited profit for the year attributable to owners of the Company of approximately RMB263.15 million for the year ended 31 December 2019 and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).
5. In the calculation above, figures denominated in RMB as stated in the relevant annual reports or interim results announcement/interim reports of the Electronic Comparables are translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date.

As illustrated in the table above, the P/E Ratio of the Electronic Comparable with profit recorded (i.e. Changhong Jiahua Holdings Limited) is approximately 4.07 times as at the Latest Practicable Date which is lower than the P/E Ratio of the Company of approximately 6.29 times as implied by the H Share Offer Price. Since the majority of the total assets of the Company were relating to its properties held for sale and investment properties, we have further assessed the fairness and reasonableness of the H Share Offer Price by comparing to the P/E Ratios and price-to-book ratio (the “**P/B Ratios**”) of the Property Comparables with reference to the unaudited net asset value per Share of the Group as at 30 June 2020 and the Adjusted Unaudited NAV per Share (details of the Adjusted Unaudited NAV and property valuation are set out in the Appendix II and Appendix III to the Composite Document).

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Company/Stock Code	Principal business activities	Profit (Loss)		Net asset value		P/E Ratios	P/B Ratios
		attributable to shareholders during the latest full financial year	attributable to shareholders during the latest full financial year	attributable to shareholders as at the end of latest full financial year or interim period	attributable to shareholders as at the end of latest full financial year or interim period		
		Market capitalisation (HK\$' million) (Note 1) (a)	(HK\$' million) (b)	(HK\$' million) (Note 2) (c)	(times) (a)/(b)	(times) (a)/(c)	
Million Cities Holdings Limited (2892)	Property development and property investment.	855.00	20.05	913.71	42.65	0.94	
Jiande International Holdings Limited (0865)	Property development.	700.56	37.01	739.33	18.93	0.95	
Chen Xing Development Holdings Limited (2286)	Property development.	840.00	118.40	1,391.57	7.09	0.60	
Sino Harbour Holdings Group Limited (1663)	Property development.	288.29	63.60	1,528.95	4.53	0.19	
Fullsun International Holdings Group Co., Limited (0627)	Property development and property investment business.	772.85	152.86	2,175.09	5.06	0.36	
Guangdong Land Holdings Limited (0124)	Property development and property investment.	1,848.46	341.06	4,763.85	5.42	0.39	
Ever Reach Group (Holdings) Company Limited (3616)	Property development.	1,128.00	327.23	1,357.83	3.45	0.83	
China Uptown Group Company Limited (2330)	Property development business and investment and trading of raw sugar.	125.90	82.84	705.10	1.52	0.18	
Zhong An Group Limited (0672)	Property development, property leasing and hotel operations.	1,578.03	711.49	9,420.66	2.22	0.17	
Man Sang International Limited (0938)	Development, sales and leasing of properties.	921.27	(190.84)	470.48	N/A	1.96	
Hailan Holdings Limited (2278)	Property development and property investment.	1,269.00	(21.10)	2,068.59	N/A	0.61	
Weiye Holdings Limited (1570)	Property development and the manufacture and trading of clean room equipment.	880.64	(34.49)	1,622.07	N/A	0.54	
Hydoo International Holding Limited (1396)	Project development and operation and management of properties.	1,837.63	(302.87)	5,508.32	N/A	0.33	
Great China Properties Holdings Limited (0021)	Property development and property investment.	397.52	(3.55)	941.98	N/A	0.42	

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Company/Stock Code	Principal business activities	Market capitalisation (HK\$' million) (Note 1) (a)	Profit (Loss) attributable to shareholders during the latest full financial year (HK\$' million) (b)	Net asset value attributable to shareholders as at the end of latest full financial year or interim period (HK\$' million) (Note 2) (c)	P/E	P/B
					Ratios (times) (a)/(b)	Ratios (times) (a)/(c)
Xiwang Property Holdings Company Limited (2088)	Property development.	135.24	(58.07)	643.34	N/A	0.21
Coastal Greenland Limited (1124)	Property development, property investment, project management services, and project investment services.	402.16	(336.78)	4,363.38	N/A	0.09
China Properties Group Limited (1838)	Property development and property investment.	877.40	(316.00)	41,614.92	N/A	0.02
			<b>Statistics:</b>	Min	1.52	0.02
				Max	42.65	1.96
				Mean	10.10	0.52
				Median	5.06	0.39
The Company		1,603.09	293.86	2,868.12	6.29	0.64
				(based on the 2020 Interim Results Announcement)	(Note 3)	
				3,864.70		0.48
				(based on the Adjusted Unaudited NAV set out in the Appendix II to the Composite Document)		

*Source: the Stock Exchange*

*Notes:*

1. Unless otherwise specified, market capitalisation is calculated based on the closing price of shares and the number of shares in issue of the Property Comparables as at the Latest Practicable Date.
2. The net asset value attributable to shareholders refers to the latest published accounts set out in annual reports or interim results announcement/interim reports of the Property Comparables.
3. Based on the H share Offer Price of HK\$1.50 per H Share and the earning per Share of approximately RMB0.213 (calculated based on the consolidated audited profit for the year attributable to owners of the Company of approximately RMB263.15 million for the year ended 31 December 2019 and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).



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4. In the calculation above, figures denominated in RMB as stated in the relevant annual reports or interim results announcement/interim reports of the Property Comparables are translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date.

As illustrated in the table above, the P/E Ratios of the Property Comparables as at the Latest Practicable Date range from approximately 1.52 times to approximately 42.65 times with eight Property Comparables recorded net loss during their respective latest financial years. The P/E Ratio of the Company of approximately 6.29 times as implied by the H Share Offer Price is above the median P/E Ratio of the Property Comparables. The P/B Ratios of the Property Comparables as at the Latest Practicable Date range from approximately 0.02 time to approximately 1.96 time with mean of approximately 0.52 time and median of approximately 0.39 time. The P/B Ratio of the Company of approximately 0.64 time as implied by the H Share Offer Price over the unaudited net asset value per Share based on the 2020 Interim Results Announcement and the P/B Ratio of the Company of approximately 0.48 time as implied by the H Share Offer Price over the Adjusted Unaudited NAV per Share are above the median P/B Ratio of the Property Comparables. On that basis, we consider that the H Share Offer Price is fair and reasonable.

### (viii) Precedents of privatisation transactions

To further assess the fairness and reasonableness of the H Share Offer Price, we have exhaustively searched for completed privatisation transactions (for our analysis purpose, we excluded proposals without cash consideration) of which joint announcements setting out the offer prices/cancellation prices for ordinary shares were made by Hong Kong listed companies from 16 June 2018 (being two years prior to the Last Trading Date) up to the Latest Practicable Date. We found 19 privatisation cases (the “**Privatisation Cases**”) which meet the aforesaid criteria for comparison.

Company/Stock code used before privatization	Date of relevant joint announcement	Premium of the offer price/the cancellation price over closing price per share on last trading day pursuant to the joint announcement	Premium of the offer price/the cancellation price over average closing price per share for the 30 trading days up to and including the last trading day pursuant to the joint announcement
		<i>Approx.%</i>	<i>Approx.%</i>
Sinotrans Shipping Limited (368)	27 September 2018	50.00%	42.90%
Advanced Semiconductor Manufacturing Corporation Limited (3355)	30 October 2018	66.67%	99.29%
Hopewell Holdings Limited (54)	5 December 2018	46.70%	55.50%
China Power Clean Energy Development Company Limited (735)	28 March 2019	41.90%	78.10%

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**LETTER FROM SORRENTO CAPITAL**

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<b>Company/Stock code used before privatization</b>	<b>Date of relevant joint announcement</b>	<b>Premium of the offer price/the cancellation price over closing price per share on last trading day pursuant to the joint announcement <i>Approx.%</i></b>	<b>Premium of the offer price/the cancellation price over average closing price per share for the 30 trading days up to and including the last trading day pursuant to the joint announcement <i>Approx.%</i></b>
China Hengshi Foundation Company Limited (1197)	4 April 2019	10.62%	17.37%
China Automation Group Limited (0569)	14 June 2019	23.97%	47.78%
C.P. Lotus Corporation (121)	18 June 2019	10.00%	29.40%
Asia Satellite Telecommunications Holdings Limited (1135)	27 June 2019	23.43%	44.44%
TPV Technology Limited (903)	12 August 2019	41.39%	54.50%
AVIC International Holdings Limited (161)	2 October 2019	29.12%	81.31%
Huaneng Renewables Corporation Limited (0958)	3 October 2019	18.73%	55.72%
Dah Chong Hong Holdings Limited (1828)	20 October 2019	37.55%	54.81%
Springland International Holdings Limited (1700)	1 November 2019	63.10%	56.80%
China Agri-Industries Holdings Limited (606)	27 November 2019	34.07%	53.17%
Joyce Boutique Group Limited (647)	12 December 2019	91.78%	82.17%
BBI Life Sciences Corporation (1035)	20 January 2020	16.28%	42.45%
Kingsley Edugroup Limited (8105)	29 January 2020	12.5%	4.25%
Wheelock and Company Limited (20)	27 February 2020	52.2%	45.2%
		<i>(note 1)</i>	<i>(note 1)</i>
Li & Fung Limited (494)	20 March 2020	150.00%	95.20%
<b>Statistics:</b>	Min	10.00%	4.25%
	Max	150.00%	99.29%
	Mean	43.16%	54.76%
	Median	37.55%	54.50%
The Company		64.83%	100.00%

*Notes:*

- The consideration under the proposal for privatisation comprised cash consideration and distribution of ordinary shares of other two listed companies in the Stock Exchange. The premium is calculated with reference to the aggregate value of cash consideration and closing prices of relevant consideration shares.
- Based on the closing price of HK\$0.91 per H Share on 15 June 2020 prior to the trading halt of the H Shares pending from release of the Rule 3.5 Announcement.

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## LETTER FROM SORRENTO CAPITAL

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As depicted above, the premium of the H Share Offer Price over the closing price on 15 June 2020 fall within the range of and is higher than the mean and median of the Privatisation Cases and the premium of the H Share Offer Price over the average closing price per share for the 30 trading days up and including the Last Trading Date is higher than all of the Privatisation Cases.

### **(ix) The Delisting**

As set out in the Letter from ICBCI, the Offeror considers that the Delisting will facilitate business integration between the Offeror and the Company, giving the Offeror more flexibility to support the future business development of the Company without being subject to regulatory restrictions and compliance obligations associated with the related obligations arising from the listing status of the Company on the Stock Exchange. After the Delisting, the relevant listing costs and expenses will also be saved. As set out in the Letter from the Board, the Offeror does not intend the H Shares to remain listed on the Stock Exchange after the close of the H Share Offer.

The Delisting also forms part of the Conditions and the fulfilment of which the H Share Offer is subject to the passing of the resolutions by the Independent H Shareholders approving the Delisting at the H Share Class Meeting and the Extraordinary General Meeting respectively, provided that (i) approval is given by at least 75% of the votes attaching to the H Shares (or the Shares for the Extraordinary General Meeting) held by the Independent H Shareholders that are cast either in person or by proxy; and (ii) the number of votes cast (by way of poll) against the resolutions are not more than 10% of the votes attaching to all the H Shares (or all the Shares for the Extraordinary General Meeting) held by the Independent H Shareholders. The Offeror and the parties acting in concert with the Offeror will abstain from voting in respect of all such Shares in the Extraordinary General Meeting and the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code.

As set out in the Letter from ICBCI, once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares. Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

Given (i) the abovementioned commercial rationale for and the Offeror's intention to the Delisting after the close of the H Share Offer; (ii) the H Share Offer Price is fair and reasonable (details of our assessment of which have been set out in the earlier context of this letter); and (iii) the Offeror will provide a longer period for offer acceptance, particularly to those Independent H Shareholders not initially accept the H Share Offer, we consider that the Delisting is fair and reasonable.

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## LETTER FROM SORRENTO CAPITAL

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### RECOMMENDATION

Having considered the principal factors set out above, in particular, the following:

- (i) the H Share Offer Price represents a premium of approximately 64.8% over the closing price of the H Shares as quoted on the Stock Exchange on 15 June 2020 prior to the trading halt of the H Shares pending from the release of the Rule 3.5 Announcement;
- (ii) the H Share Offer Price represents a premium of approximately 15.4% over the closing price of the H Shares as at the Latest Practicable Date;
- (iii) the H Share Offer Price have been above the closing prices of the H Shares throughout the Review Period;
- (iv) the trading liquidity of the H Shares is low and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares;
- (v) the P/E Ratio of approximately 6.29 times implied by the H Share Offer Price is above median P/E Ratio of the Electronic Comparables and Property Comparables respectively and the P/B Ratio of approximately 0.64 time implied by the H Share Offer Price over the unaudited net asset value per Share based on the 2020 Interim Results Announcement and approximately 0.48 time implied by the H Share Offer Price over the Adjusted Unaudited NAV per Share are above median P/B Ratio of the Property Comparables;
- (vi) the premiums of the H Share Offer Price over the closing price as quoted on the Stock Exchange on 15 June 2020 of approximately 64.8% and the 30 consecutive trading days up to and including the Last Trading Date of approximately 100.0% respectively are significantly higher than those of the Privatisation Cases;
- (vii) the future prospects of the Group's business may remain uncertain in view of the impact by the trade conflict between the PRC and U.S. and spread of COVID-19 as detailed above; and
- (viii) the commercial rationale for and the Offeror's intention to the Delisting and the H Share Offer will remain open for acceptance for a longer period, particularly to those Independent H Shareholders not initially accept the H Share Offer,

we consider that the terms of the H Share Offer (including the H Share Offer Price) and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent H Shareholders to (i) accept the H Share Offer; and (ii) vote in favour of the resolutions in respect of the Delisting at the H Share Class Meeting and the Extraordinary General Meeting respectively.

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## LETTER FROM SORRENTO CAPITAL

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Those Independent H Shareholders may, having regard to their own circumstances, consider retaining all or any part of their H Shares (the “Retaining Shareholders”).

The Offeror has no rights under the laws of the PRC and the Articles of the Company to compulsorily acquire the H Shares that are not tendered for the acceptance pursuant to the H Share Offer.

In the event that the Retaining Shareholders do not accept the H Share Offer and given that the Delisting shall take effect following the end of the Offer Period, (i) this will result in the Retaining Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced; (ii) the rights/interests of the Retaining Shareholders will no longer be protected by the Listing Rules; and (iii) the Company may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong and the rights/interests of the Retaining Shareholders may no longer be protected by the Takeovers Code.

The Independent H Shareholders should also monitor the H Share price closely, if the Independent H Shareholders decide to accept the H Share Offer but the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the H Share Offer, they should sell in the market instead. They should also keep in mind that, if applicable, dealings in the H Shares will be suspended from the day following the Final Closing Date up to the withdrawal of listing of the H Shares (if approved) from the Stock Exchange.

As different Independent H Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent H Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. The Independent H Shareholders are also reminded to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance and transfer, if they wish to accept the H Share Offer.

Yours faithfully,  
For and on behalf of  
**Sorrento Capital Limited**

**Stanley Chung**                      **Wesker Poon**  
*Managing Director*                      *Managing Director*

*Note:* Mr. Stanley Chung has been a responsible officer of type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and Mr. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than nine years of experience in corporate finance and investment banking. Mr. Chung and Mr. Poon have participated in and completed various advisory transactions in respect of the Takeovers Code.

**1. PROCEDURES FOR ACCEPTANCE OF THE H SHARE OFFER****The H Share Offer**

- (a) To accept the H Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the H Share Offer.
- (b) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "EVOC — H Share Offer" on the envelope, as soon as possible and in any event reach the Registrar no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be), or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer, you must either:
  - (i) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the H Share Offer to the Registrar in an envelope marked "EVOC — H Share Offer";
  - (ii) arrange for the H Share(s) to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked "EVOC — H Share Offer";



- (iii) if your H Share(s) have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the H Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
- (iv) if your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, submit your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "EVOC — H Share Offer" to the Registrar together with a letter stating that you have lost one or more of your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your H Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any H Shares in respect of which the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s) and you wish to accept the H Share Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "EVOC — H Share Offer" to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to ICBCI and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s) to the Registrar and to authorise and instruct



the Registrar to hold such H Share certificate(s), subject to the terms and conditions to the H Share Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the H Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and is:
  - (i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those H Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant H Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant H Share(s); or
  - (ii) from a registered H Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Share(s) which are not taken into account under another sub-paragraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered H Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt for any Form(s) of Acceptance, H Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## **2. ACCEPTANCE PERIOD AND REVISION**

- (a) The H Share Offer is made on Wednesday, 19 August 2020, the date of posting of the Composite Document, and is capable of acceptance on and from this date.
- (b) The Offeror has the right, subject to the Takeovers Code, to extend the H Share Offer after the despatch of the Composite Document or to revise the terms of the H Share Offer, and may introduce new conditions to be attached to any revision to any of the H Share Offer or any subsequent revision thereof to the extent necessary to implement the revised H Share Offer and subject to the consent of the Executive.

- (c) Unless the Executive consents to the extension of the H Share Offer, all acceptances must be received by 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be) in accordance with the instructions printed on the Form of Acceptance. Where the H Share Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer is closed to the H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. The Offeror reserves the right to extend the H Share Offer beyond this 28-day period.
- (d) If in the course of the H Share Offer, the Offeror revises the terms of the H Share Offer, all H Shareholders, whether or not they have already accepted the H Share Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date and/or the Final Closing Date (as the case may be).
- (e) If the Closing Date of the H Share Offer is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the H Share Offer so extended.
- (f) The acceptance by or on behalf of H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant H Share Offer as so revised.
- (g) Any acceptance of the relevant revised H Share Offer and/or any election pursuant thereof shall be irrevocable unless and until the accepting H Shareholder of the H Share Offer becomes entitled to withdraw his/her/its acceptance under the paragraph headed "4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL" below and duly does so.

### **3. SETTLEMENT**

- (a) Settlement of the consideration under the H Share Offer will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the Unconditional Date and (ii) the date of receipt of a complete and valid Form of Acceptance by the Registrar in respect of the H Share Offer.
- (b) In the case of the H Shareholders accepting the H Share Offer, each cheque will be despatched by ordinary post to the address specified on the relevant H Shareholder's Form of Acceptance at his/her/its own risk or, if no name and address is specified, to the H Shareholder or the first-named of H Shareholder (in the case of joint H Shareholders) at the registered address shown in the Register.

- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a H Shareholder who accepts the H Share Offer will be rounded up to the nearest cent.
- (d) Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (e) Settlement of the consideration to which a H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such H Shareholder.

#### **4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL**

- (a) By validly accepting the H Share Offer, the H Shareholders will sell to the Offeror their tendered H Shares free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

In addition to the Conditions set out in the Letter from ICBCI from pages 10 to 20 of this Composite Document, the H Share Offer is made on the basis that acceptance of the H Share Offer by any H Shareholder will constitute a warranty by such H Shareholder to the Offeror that the H Shares acquired under the H Share Offer are fully paid and sold by such H Shareholder free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

- (b) The H Share Offer is conditional upon fulfilment of the Conditions set out in the Letter from ICBCI from pages 10 to 20 of this Composite Document. Acceptance of the H Share Offer tendered by the H Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the H Share Offer has not by then become unconditional as to acceptances. An acceptor of the H Share

Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

- (c) Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the H Share Offer set out in the section headed “5. ANNOUNCEMENTS” of this Appendix I, the Executive may require that the H Shareholders who have tendered acceptances to the H Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.
- (d) Upon the withdrawal of acceptance by a H Shareholder, the Offeror shall (or shall procure), as soon as possible but in any event within ten (10) days thereof, return by ordinary post, the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the H Share(s) lodged with the Form of Acceptance to such H Shareholder.

## 5. ANNOUNCEMENTS

- (a) The announcement of the results of the H Share Offer will be jointly issued by the Offeror and the Company and posted on the website of the Stock Exchange by 7:00 p.m. on the Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.
- (b) If the H Share Offer is extended, the announcement of such extension will state the next closing date or a statement that the H Share Offer will remain open until further notice. If the H Share Offer is unconditional in all respects, a statement may be made that the H Share Offer will remain open for acceptance for not less than 28 days thereafter in accordance with the Takeovers Code.
- (c) The results announcements shall specify the total number of H Shares and rights over H Shares:
  - (i) for which acceptances of the H Share Offer have been received;
  - (ii) held, controlled or directed by the Offeror or its concert parties before the Offer Period; and
  - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or its concert parties.
- (d) The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or its concert parties has/have borrowed or lent, save for any borrowed H Shares which have been either on-lent or sold.

- (e) The results announcements shall specify the percentages of the relevant classes of share capital of the Company, and the percentages of voting rights, represented by these numbers.
- (f) If the Offeror, its concert parties or its advisers make(s) any statement about the level of acceptances or the number or percentage of accepting H Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (g) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the H Share Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **6. NOMINEE REGISTRATION**

To ensure the equality of treatment of all H Shareholders, H Shareholders who hold the H Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of H Share(s) whose investments are registered in the names of nominees to accept the H Share Offer, it is essential that they provide instructions of their intentions to the H Share Offer to their respective nominees.

## **7. POSTING**

All documents and remittances to be sent to the H Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent, in the case of H Shareholders, at their addresses as they appear in the Register, in the case of joint H Shareholders, to the H Shareholder whose name appears first in the Register. None of the Offeror, the Company, ICBCI, Sorrento Capital, the Registrar or any of their respective directors or agents or any other person involved in the H Share Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

## **8. OVERSEAS H SHAREHOLDERS**

- (a) The H Share Offer is in respect of a company incorporated in the PRC and listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different from those in other jurisdictions. The ability of H Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the H Share Offer may be subject to the laws and regulations of the relevant jurisdictions. It is the responsibility of each such H Shareholder to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes due from such H Shareholder in such relevant jurisdictions.

- (b) Any acceptance by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to the Offeror and the Company that all local laws and requirements have been complied with and that the H Share Offer can be accepted by such H Shareholder lawfully under the laws of the relevant jurisdiction. H Shareholders should consult their professional advisers if in doubt.

## **9. HONG KONG STAMP DUTY AND TAXATION**

- (a) Seller's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration arising on acceptance of the H Share Offer will be payable by the H Shareholders who accept the H Share Offer. The relevant amount of stamp duty will be deducted from the consideration payable to such H Shareholders under the H Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable in respect of acceptances of the H Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the H Shares which are validly tendered for acceptance under the H Share Offer.
- (b) There may be tax implications on the H Shareholders in relation to the H Share Offer depending on the individual circumstances of the H Shareholders. H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the H Share Offer. It is emphasised that none of the Offeror, the Company and their ultimate beneficial owners and concert parties, ICBCI, Sorrento Capital, the Registrar or any of their respective directors or professional advisers or any persons involved in the H Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the H Share Offer.

## **10. GENERAL**

- (a) All communications, notices, the Form of Acceptance, H Share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the H Share Offer to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of the Offeror, the Company, ICBCI, Sorrento Capital, the Registrar or any of their respective directors or agents or professional advisers or any other person involved in the H Share Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the H Share Offer.



- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the H Share Offer is made will not invalidate the H Share Offer in any way.
- (d) The H Share Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a H Shareholder will constitute such H Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the H Share Offer.
- (e) Due execution of a Form of Acceptance will constitute an authority to the Offeror, ICBCI or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the H Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the H Share(s) in respect of which such person or persons has/have accepted the H Share Offer.
- (f) The settlement of the consideration to which any H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such H Shareholder.
- (g) Any H Shareholders accepting the H Share Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, H Shareholders must rely on their own examination of the Group and the terms of the H Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, ICBCI or their respective professional advisers. H Shareholders should consult their own professional advisers for professional advice.
- (i) The making of the H Share Offer to the overseas H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction from such shareholder(s). Such Overseas H Shareholders shall be fully responsible for the payment of any transfer

or other taxes and duties due by such Overseas H Shareholders in respect of the relevant jurisdictions. The Overseas H Shareholders are recommended to seek professional advice on deciding whether or not to accept the H Share Offer.

- (j) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the H Share Offer in Hong Kong and the operating rules of the Stock Exchange.

## **11. INTERPRETATION**

- (a) A reference in this Composite Document to a H Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of H Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the H Share Offer shall include any extension thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.



## 1. FINANCIAL SUMMARY

The following summary financial information has been extracted from the audited consolidated financial statements of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 in the respective annual reports of the Company and the unaudited consolidated financial statements for the six months ended 30 June 2020 as extracted from the 2020 Interim Results Announcement.

The auditors of the Group for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, BDO Limited, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the Group for any of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019. There were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020.

Save for the 2020 Interim Results Announcement of the Company dated 14 August 2020, there are no other interim statement or preliminary announcement made by the Company since the last published audited accounts of the Company (namely, its annual report for the year ended 31 December 2019). Save for the H Share Offer and save as disclosed in the paragraph headed "Material Change" in this Appendix, there have been no other significant events of the Company after 31 December 2019.

## Summary of Consolidated Income Statement

	For the	For the year ended		
	six months ended 30 June 2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (audited)	2018 <i>RMB'000</i> (audited)	2017 <i>RMB'000</i> (audited)
Turnover	403,301	1,688,153	1,423,139	1,305,200
(Loss)/profit before income tax	(21,302)	313,713	207,648	39,717
Income tax credit/(expense)	4,973	(50,559)	(50,708)	(4,236)
<b>(Loss)/profit for the period/year attributable to:</b>				
owners of the Company	(16,329)	263,154	156,940	35,481
non-controlling interests	nil	nil	nil	nil
<b>Total comprehensive (expenses)/ income for the period/year attributable to</b>				
owners of the Company	(9,242)	317,007	190,985	49,902
non-controlling interests	nil	nil	nil	nil
<b>(Loss)/earnings per share attributable to owners of the Company for the period/year</b>				
Basic and diluted ( <i>RMB yuan</i> )	(0.013)	0.213	0.127	0.029
Dividend	nil	nil	nil	nil
Dividend per share ( <i>RMB yuan</i> )	nil	nil	nil	nil

## Summary of Consolidated Statement of Financial Position

	As at	As at 31 December		
	30 June 2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (audited)	2018 <i>RMB'000</i> (audited)	2017 <i>RMB'000</i> (audited)
Total assets	7,654,771	7,188,888	6,255,690	5,591,708
Total liabilities	<u>5,086,339</u>	<u>4,611,214</u>	<u>3,996,346</u>	<u>3,523,349</u>
Equity attributable to				
owners of the Company	2,568,432	2,577,674	2,259,344	2,068,359
Non-controlling interests	nil	nil	nil	nil

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

The Company is required to set out or refer to in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the (i) audited consolidated financial statements of the Group for the year ended 31 December 2017, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2017 Financial Statements**”); (ii) audited consolidated financial statements of the Group for the year ended 31 December 2018, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2018 Financial Statements**”); and (iii) audited consolidated financial statements of the Group for the year ended 31 December 2019, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2019 Financial Statements**”).

The 2017 Financial Statements are set out from pages 37 to 119 in the 2017 annual report of the Company (the “**2017 Annual Report**”) which was published on 16 April 2018. The 2017 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.evoc.com>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0416/ltn20180416276.pdf>

The 2018 Financial Statements are set out from pages 37 to 129 in the 2018 annual report of the Company (the “**2018 Annual Report**”) which was published on 12 April 2019. The 2018 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.evoc.com>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0412/ltn20190412131.pdf>

The 2019 Financial Statements are set out from pages 37 to 123 in the 2019 annual report of the Company (the “**2019 Annual Report**”) which was published on 20 April 2020. The 2019 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.evoc.com>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000419.pdf>

The 2017 Financial Statements, 2018 Financial Statements and 2019 Financial Statements (but not any other parts of the 2017 Annual Report, 2018 Annual Report and 2019 Annual Report, in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020

#### 2020 Interim Financial Statements

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and the consolidated statement of financial position as shown in the unaudited financial results of the Group for the six months ended 30 June 2020, and significant accounting policies together with any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (“**2020 Interim Financial Statements**”).

The 2020 Interim Financial Statements are set out from pages 2 to 15 in the 2020 Interim Results Announcement. The 2020 Interim Results Announcement is available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.evoc.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0814/2020081402014.pdf>

The 2020 Interim Financial Statements (but not any other parts of the 2020 Interim Results Announcement) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 4. INDEBTEDNESS

#### Statement of Indebtedness

As at the close of business on 30 June 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had total outstanding indebtedness of approximately RMB3,071,866,000. The details of the Group’s total indebtedness are set out as follows:

#### *(a) Bank borrowings*

The Group had secured bank borrowings of approximately RMB1,190,000,000, secured and guaranteed bank borrowings of approximately RMB510,830,000 and unsecured and guaranteed bank borrowings of approximately RMB1,310,000,000.

#### *(b) Lease liabilities*

The Group had lease liabilities of approximately RMB61,036,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as of 30 June 2020, the Group did not have other outstanding mortgages, charges, debentures

or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

## 5. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors confirm that there is no material changes in the financial or trading position or outlook of the Group subsequent to 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

1. As disclosed in the interim results announcement of the Company (the “**2020 Interim Results Announcement**”) for the six months ended 30 June 2020 dated 14 August 2020, the unaudited loss for the period attributable to owners of the Company of approximately RMB16.3 million for the six months ended 30 June 2020 as compared to the unaudited profit for the period attributable to owners of the Company of approximately RMB20.1 million for the same period in 2019 is mainly due to the following factors:
  - (i) decrease in turnover relating to sales of mobile phones and accessories by approximately 62.6% as demand of a major customer has decreased due to the outbreak of COVID-19;
  - (ii) decrease in net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) by approximately 18.0% as vacancy rates of investment properties has increased;
  - (iii) increase in operating costs comprising selling and distribution costs and administrative expenses by approximately 30.4% as wages and welfare benefit of sales team and administrative staff have increased;
  - (iv) fair value loss on investment properties and transfer of properties held for sales to investment properties as compared to the fair value gain recorded in 2019; and
  - (v) increase in finance costs by approximately 7.6% as a result of increase in bank borrowings.

Further details are set out in the 2020 Interim Results Announcement.

2. As disclosed in the 2020 Interim Results Announcement, the unaudited net cash generated from operating activities decreased by approximately 27.8% for the six months ended 30 June 2020 as compared with the same period in 2019 mainly due to the following factors:
  - (i) decrease in profit for the period as aforementioned;

- (ii) increase in inventories by approximately 135.6% as at 30 June 2020 as compared with that as at 31 December 2019 mainly due to the slowdown of production and delay in despatch of goods to customers as affected by the COVID-19; and
- (iii) increase in trade receivable by approximately 28.8% as at 30 June 2020 as compared with that as at 31 December 2019 mainly due to the delay in settlement by customers as affected by the COVID-19.

Further details are set out in the 2020 Interim Results Announcement.

- 3. As disclosed in the 2020 Interim Results Announcement, the capital commitment contracted but not provided of the Group increased by approximately 58.7% as at 30 June 2020 as compared with that as at 31 December 2019 mainly due to (i) construction of a service outsourcing centre in Wuxi, Jiangsu Province, the PRC; (ii) commercial and residential properties in Kunshan, Jiangsu Province, the PRC; and (iii) production plants, office and staff quarters in Hangzhou, Zhejiang Province, the PRC. Further details are set out in the 2020 Interim Results Announcement.

## 6. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of property interests of the Group as at 30 June 2020 have been conducted by CBRE, the independent professional valuer appointed by the Company. The market value of the aforesaid property interests attributable to the Group as at 30 June 2020 was approximately RMB6,409 million (equivalent to approximately HK\$7,157 million based on the exchange rate of HK\$1.00 to RMB0.89551 according to the rate cited from People's Bank of China as at the Latest Practicable Date). Further details of the aforementioned property interests and the corresponding property valuation report prepared by CBRE are set out in "Appendix III — Property Valuation Report" to this Composite Document.

Set out below is the adjusted unaudited consolidated net asset value (“Adjusted Unaudited NAV”) of the Group attributable to the Shareholders as at 30 June 2020:

	<b>Unaudited consolidated net asset value RMB</b>
Unaudited consolidated net asset value of the Group attributable to the Shareholders as at 30 June 2020	2,568,432,000
Net asset value per share as at 30 June 2020 (based on 1,233,144,000 Shares in issue as at 30 June 2020)	<u>2.08</u>
Add: Revaluation surplus arising from the valuation of the property interests held by the Group as at 30 June 2020 (Note 1)	1,475,375,000
Less: Deferred taxation arising from the revaluation surplus (Note 2)	<u>582,927,000</u>
Net revaluation surplus attributable to owners of the Company	<u>892,448,000</u>
Adjusted Unaudited NAV	<u><u>3,460,880,000</u></u>
Adjusted Unaudited NAV per share (based on 1,233,144,000 Shares in issue as at 30 June 2020)	<u><u>2.81</u></u>

*Notes:*

1. Being the fair value of the property interests held by the Group as at 30 June 2020 as assessed by CBRE less the fair value of the property interests held by the Group adopted in the unaudited consolidated interim results including properties under development, properties held for sale, land and buildings, investment properties and prepaid land lease as at 30 June 2020. Such difference is mainly arisen from the differences between the valuation methods used by CBRE and the Group’s accounting policies of such property interests as stated in the annual report of the Company.
2. Being the estimated related taxation, which is calculated based on the estimated land appreciation tax (“LAT”) and corporate income tax (“CIT”) that would crystallise upon disposal of the properties at the valuation price.

In relation to properties under development and properties held for sale which are located in the PRC, the deferred tax is estimated with reference to the historic effective tax rate (including the LAT and CIT according to the requirements set forth in the relevant PRC laws and regulations) for similar projects on the revaluation surplus. In relation to land and building, investment properties and prepaid land lease, the deferred tax is calculated based on CIT at 25% while LAT is not applicable.

*The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this Composite Document received from CBRE, an independent valuer, in connection with their opinion of values as at 30 June 2020 of the properties of the Group.*

**CBRE**

Level 27, One Pacific Place  
88 Queensway  
Admiralty, Hong Kong  
T 852 2820 2800  
F 852 2810 0830

香港金鐘道 88 號  
太古廣場一期 27 樓  
電話 852 2820 2800 傳真 852 2810 0830

[www.cbre.com.hk](http://www.cbre.com.hk)

地產代理(公司)牌照號碼  
Estate Agent's Licence (Co.) No. C-004065

19 August 2020

**EVOC Intelligent Technology Company Limited**

EVOC Technology Building,  
No. 31 Gaoxinhongsi Road,  
Nanshan District, Shenzhen,  
People's Republic of China

Dear Sirs,

In accordance with instructions from EVOC Intelligent Technology Company Limited (the "Company") to value all the properties in which EVOC Intelligent Technology Company Limited and its subsidiaries (collectively referred to as "the Group") has interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries, and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of such properties as at 30 June 2020 (the "Valuation Date").

**VALUATION BASIS, ASSUMPTIONS AND METHODOLOGY**

Our valuation is prepared in accordance with the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors ("the HKIS"), the RICS Valuation — Global Standards 2020 published by the Royal Institution of Chartered Surveyors ("RICS") and International Valuation Standards ("IVS") published by the International Valuation Standards Council.



Our valuation is made on the basis of Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We have also complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Rule 11 of the Takeovers Code.

Our valuation has been made on the assumption that the owner sells the property on the market without the benefit or burden of a deferred term contract, leaseback, joint venture, or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have valued the properties in Group I which are held by the Group for sale, and portions of the properties in Group II which are held by the Group for owner occupation, portions of the properties in Group III which are held by the Group for investment, and the properties in Group V which are held by the Group for future development by the Direct Comparison Approach on the assumption that each property can be sold in their existing state with the benefit of immediate vacant possession by making reference to comparable sales evidence as available in the relevant market. Comparable properties with similar sizes, characteristics and locations are analyzed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

We have also valued portions of properties in Group II which are held by the Group for owner occupation and portions of properties in Group III which are held by the Group for investment by using the Income Approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales evidence as available in the relevant market.

In valuing the properties in Group IV which are under development, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have adopted the income approach and/or comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees that are expected to be incurred for completing the development. We have relied on the accrued construction cost and

professional fees information provided by the Group according to the different stages of construction of the subject properties as at the valuation date and we did not find any material inconsistency from those of other similar developments.

In compliance with Rule 11.3 of the Takeovers Code, the potential tax liabilities which would arise from the sale of the properties as advised by the Group are listed as follows. Profit tax is levied on the profit from the sale of the properties at 25%. Value added tax and related taxes are levied at 5.3% or 9.3% of the transaction amount. Besides, land appreciation tax is levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.

For the property interest held for sale by the Group, the property interests are intended to be sold as advised by the Group. Hence, the likelihood of the potential tax liability being crystalized is considered to be high. For the property interests held for investment, for occupation, under development and for future development by the Group, as advised by the Group, the Group has no intention to dispose such property interests as at 14 August 2020, being the latest practicable date. Hence, the likelihood of the potential tax liability being crystalized is considered to be remote. We have not taken into account the tax liability in the course of our valuation.

### **SOURCE OF INFORMATION**

We have relied on information provided by the Group, in particular, but not limited to the sales records, planning approvals, statutory notices, easements, development scheme, construction costs, development time schedules, site area and floor area, tenancy schedules, interests attributable to the Group and other relevant information. No on-site measurement has been taken. Dimensions, measurements and areas included in the property summaries are only approximations. We have taken every reasonable care both during reviewing the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

In the course of our valuation for the properties in the PRC, we have relied on the legal opinion dated 13 August 2020 provided by the Company's PRC legal advisor, Commerce & Finance Law Office. We have been provided with extracts from title documents relating to such properties. We have not, however, inspected the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only. Unless otherwise stated, in valuing the properties, we have prepared our valuation on the basis that the owners have proper title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

**PROPERTY INSPECTION**

We have inspected the exterior of the properties and, where possible, the interior of the properties. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey, nor any tests were made on the building services, nor any investigation to determine the presence of any deleterious or hazardous material in the properties. Therefore, we are not able to report whether the properties are free of rot, infestation, deleterious materials or any other structural defects.

We have not carried out site measurements to verify the correctness of the areas of the properties. We have assumed that the areas shown on the documents and site plans provided to us are correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

Ms. Meg Zhang, Ms. Clara Shi, Ms. Coco Zhu, Ms. Jin Zheng, Mr. Laurent Li, Mr. Kaiser Lo and Ms. Ilkka Zhang have provided professional assistance and/or inspected the properties in July 2020. They are Chartered Surveyors/China Real Estate Appraisers or have more than 2 years' experience in the valuation of properties in the PRC.

**IMPORTANT WARNING — MATERIAL VALUATION UNCERTAINTY FROM NOVEL CORONAVIRUS**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has impacted many aspects of daily life and the global economy — with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of the subject properties, there is a shortage of market evidence for comparison purposes, to inform opinions of value.

Our valuation of the properties is therefore reported as being subject to ‘material valuation uncertainty’. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that — in the current extraordinary circumstances — less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation(s) contained within this report under frequent review.

**CURRENCY**

Unless otherwise stated, all monetary amounts are stated in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,  
For and on behalf of  
**CBRE Limited**

**Stephen Lin**  
BSc(Surv), MHKIS, MRICS, RPS(GP), MCIREA  
*Director*  
Valuation & Advisory Services

**Jennifer Ip**  
MRICS  
*Senior Director*  
Valuation & Advisory Services

*Note:*

Mr. Lin Tien Chi, Stephen BSc(Surv), MHKIS, MRICS, RPS(GP), MCIREA is a qualified general practice surveyor and has over 11 years of valuation experience in the PRC and Hong Kong.

Ms. Jennifer Ip MRICS is an RICS registered valuer and has over 10 years of valuation experience in the PRC, Hong Kong, and in the North America.

## SUMMARY OF VALUES

No.	Property	Market value	Market value	Market value	Market value	Market value	Total Market	Interest	Market value
		in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	value in existing state as at the valuation date		attributable to the Group as at the valuation date
		RMB	RMB	RMB	RMB	RMB	RMB		RMB
		Group I	Group II	Group III	Group IV	Group V			
1	Unit 10B1, 10B2, Tianxiang Building, Chegongmiao, Futian District, Shenzhen, Guangdong Province, the People's Republic of China	—	—	31,000,000	—	—	31,000,000	100%	31,000,000
2	Shenzhen EVOG Hi-Tech Tower, No. 31 Gaoxinzhongsi Road, Nanshan District, Shenzhen City, Guangdong Province, the People's Republic of China	—	217,800,000	762,900,000	—	—	980,700,000	100%	980,700,000
3	Guangming EVOG Zhigu, Guangming High-tech Zone, Shenzhen, Guangdong Province, the People's Republic of China	—	198,000,000	940,000,000	—	—	1,138,000,000	100%	1,138,000,000
4	60 units in Fu'an Yayuan, Guanlan Street, Bao'an District, Shenzhen, Guangdong Province, the People's Republic of China	—	No Commercial Value	—	—	—	No Commercial Value	100%	No Commercial Value
5	Nantong EVOG Zhigu, Gangzha District, Nantong, Jiangsu Province, the People's Republic of China	—	272,000,000	—	—	17,000,000	289,000,000	100%	289,000,000
6	Hangzhou EVOG Hi-Tech Tower, the northwest corner of the intersection of Jianghong Road and Binkang Road, Binjiang District, Hangzhou, Zhejiang Province, the People's Republic of China	—	15,100,000	254,600,000	—	—	269,700,000	100%	269,700,000
7	EVOG International Financial Centre, Huaqiao Town, Kunshan City, Jiangsu Province, the People's Republic of China	—	—	—	349,000,000	—	349,000,000	100%	349,000,000
8	Portion of Hermes Cove, Dianshanhu Town, Kunshan City, Jiangsu Province, the People's Republic of China	1,170,700,000	7,600,000	21,300,000	—	81,000,000	1,280,600,000	100%	1,280,600,000
9	Portion of Shengang Guoji A1, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	273,900,000	121,640,000	682,560,000	183,300,000	—	1,261,400,000	100%	1,261,400,000
10	Portion of Shengang Guoji A2, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	810,000,000	—	—	—	—	810,000,000	100%	810,000,000
<b>Total</b>		<b>2,254,600,000</b>	<b>832,140,000</b>	<b>2,692,360,000</b>	<b>532,300,000</b>	<b>98,000,000</b>	<b>6,409,400,000</b>		<b>6,409,400,000</b>

**Abbreviations:**

Group I: Properties held for sale by the Group in the PRC

Group II: Properties held and occupied by the Group in the PRC

Group III: Properties held for investment by the Group in the PRC

Group IV: Properties held under development by the Group in the PRC

Group V: Properties held for future development by the Group in the PRC

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
1. Unit 10B1, 10B2, Tianxiang Building, Chegongmiao, Futian District, Shenzhen, Guangdong Province, the People's Republic of China	<p>Tianxiang Building (the "Development") is a 13-storey factory building, completed in November 1998. The Development occupies a parcel of land with a site area of approximately 53,934.53 sqm.</p> <p>The property comprises two units of the Development, Units 10B1 and 10B2. The total gross floor area of the property is approximately 1,151.96 sqm.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing on 16 November 1988 and expiring on 15 November 2038 for industrial use.</p>	As at valuation date, the property was leased to a third-party tenant, at a total monthly rent of approximately RMB149,800, with the expiry on 14 June 2021.	RMB31,000,000  (100% interest attributable to the Group: RMB31,000,000)

*Notes:*

1. Pursuant to the two Real Estate Title Certificates — Shen Fang Di Zi Di No. 3000525066 and Shen Fang Di Zi Di No. 3000525067, dated on 25 July 2008, the building ownership rights of the property with a total gross floor area of approximately 1,151.96 sqm are held by the Company, EVOC Intelligent Technology Co., Ltd. (研祥智能科技股份有限公司), for a term expiring on 15 November 2038 for industrial use (Factory).

2. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Gross Floor Area (sqm)	No. of car parking spaces
Group III — held for investment by the Group	Factory	1,151.96	
	<b>Total</b>	<b>1,151.96</b>	<b>N/A</b>

3. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.

4. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

a. EVOC Intelligent Technology Co., Ltd. is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;



b. The property is free from mortgage or any other encumbrances.

5. Our valuation has been made on the basis and analysis:

In undertaking the valuation, we have made reference to various market comparables of similar developments within the same district which have characteristics comparable to the property. The unit prices of these comparable properties range from RMB26,100 to RMB33,500 per sqm. Due adjustments to the unit prices of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rate.

6. A summary of the major certificates/approvals is shown as follows:

a. Real Estate Title Certificate Yes

7. For the purpose of this report, the property is classified into the group as “Group III — held for investment by the Group in the PRC” according to the purpose for which it is held.

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
2. Shenzhen EVOC Hi-Tech Tower, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China	<p>Shenzhen EVOC Hi-Tech Tower is a 17-storey research &amp; development (R&amp;D) office building in Nanshan District, Shenzhen, completed in May 2007. The property occupies a parcel of land with a site area of approximately 9,000.23 sqm.</p> <p>The property comprises various R&amp;D office units with a total gross floor area of 42,348.58 sqm. In addition, there is a total of 359 car parking spaces located in three basement levels and other facilities with a total gross floor area of approximately 19,034.13 sqm.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing on 27 November 2003 and expiring on 26 November 2053 for industrial use.</p>	<p>As at valuation date, portion of the property with a total gross floor area of approximately 26,239.8 sqm was leased to various third- party tenants, at a total monthly rent of approximately RMB3,938,300 with latest expiry on 14 June 2023.</p> <p>Portion of the property with a total gross floor area of approximately 9,896.55 sqm was self- occupied, and the remaining portion was vacant.</p>	<p>RMB980,700,000</p> <p>(100% interest attributable to the Group: RMB980,700,000)</p>

*Notes:*

- Pursuant to the Real Estate Title Certificate — Shen Fang Di Zi Di No. 4000378476 dated on 18 November 2008, the land use rights of the property with a total site area of 9,000.23 sqm and the building ownership rights of the property with a total gross floor area of approximately 42,348.58 sqm are held by the Company, EVOC Intelligent Technology Co., Ltd. (研祥智能科技股份有限公司), for a term expiring on 26 November 2053 for industrial use (Hi-tech Research and Development).

2. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Gross Floor Area ( <i>sqm</i> )	No. of car parking spaces
Group II — held and occupied by the Group	R&D Office	9,896.55	
	<b>Subtotal</b>	9,896.55	N/A
Group III — held for investment by the Group	R&D Office	32,452.03	
	Other facilities*	140.25	
	Car parking spaces*	19,034.13	359
	<b>Subtotal</b>	51,626.41	359
	<b>Total</b>	61,522.96	359

\* *The area of these portions of the property are not recorded on the Real Estate Title Certificate.*

3. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
4. Our valuation has been made on the basis and analysis:
- a. In undertaking the valuation, we have made reference to recent lettings of the property and various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparable properties range from RMB140 to RMB150 per sqm per month. Due adjustments to the unit rent of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rent. We have adopted an average unit rent of RMB145 per sqm per month, which is consistent with the relevant comparables.
  - b. Based on our market research, the market yields of comparable properties are in the range between 5.00% and 5.50% as at the valuation date. Considering the location, risk and characteristics of the property, we have applied a capitalization rate of 5.00% in the valuation.
5. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- a. EVOC Intelligent Technology Co., is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;
  - b. The property is mortgaged to China Development Bank Shenzhen Branch for the loan amount of RMB400,000,000.
  - c. EVOC Intelligent Technology Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.

6. A summary of the major certificates/approvals is shown as follows:

a. Real Estate Title Certificate Yes

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group II — held and occupied by the Group	RMB217,800,000
Group III — held for investment by the Group	<u>RMB762,900,000</u>
<b>Total</b>	<u><u>RMB980,700,000</u></u>

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
3. Guangming EVOC Zhigu, Guangming High-tech Zone, Shenzhen, Guangdong Province, the People's Republic of China	<p>Guangming EVOC Zhigu is located in Guangming High-tech Zone in Shenzhen. Completed in 2014, the property occupies a parcel of land with a site area of approximately 80,074.39 sqm.</p> <p>The property comprises one 22-storey research &amp; development (R&amp;D) office building, two 6-storey research &amp; development (R&amp;D) factory buildings and one 13-storey fully finished apartment building, with a total gross floor area of approximately 199,779.98 sqm. In addition, there is a total of 538 car park spaces.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing on 1 January 2009 and expiring on 31 December 2058 for class A industrial use.</p>	<p>As at valuation date, portion of the property with a total gross floor area of approximately 105,504.5 sqm was leased to various third-party tenants, at a total monthly rent of RMB4,494,051 with latest expiry on 30 November 2024.</p> <p>Portion of the property with a total gross floor area of approximately 55,665.56 sqm was self-occupied, and the remaining portion was vacant.</p>	<p>RMB1,138,000,000</p> <p>(100% interest attributable to the Group: RMB1,138,000,000)</p>

*Notes:*

- Pursuant to the Real Estate Title Certificate — Shen Fang Di Zi Di No. 8000109354 dated on 1 September 2015, the land use rights of the property with a total site area of 80,074.39 and the building ownership rights of the property with a total gross floor area of approximately 199,779.98 sqm are held by the Company, EVOC Intelligent Technology Co., Ltd. (研祥智能科技股份有限公司), for a land use term of 50 years expiring on 31 December 2058 for Class A industrial use (R&D Factory, Factory and Supporting).

2. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Gross Floor Area ( <i>sqm</i> )	No. of car parking spaces
Group II — held and occupied by the Group	R&D Office	11,413.74	
	R&D Factory	18,684.60	
	Apartment (Dormitory)	25,567.32	
	<b>Subtotal</b>	<b>55,665.66</b>	<b>N/A</b>
Group III — held by the Group for investment	R&D Office*	46,944.59	
	R&D Factory	73,205.28	
	Apartment (Dormitory)*	29,118.88	
	Car parking spaces**	40,547.67	538
	<b>Subtotal</b>	<b>189,816.42</b>	<b>538</b>
	<b>Total</b>	<b>245,482.08</b>	<b>538</b>

\* The area of the mezzanine floor in R&D office and apartment buildings with a total gross floor area of 5,154.43 sqm is not recorded on the Real Estate Title Certificate.

\*\* The area of this portion of the property is not recorded on the Real Estate Title Certificate.

3. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
4. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- a. EVOC Intelligent Technology Co., Ltd. is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the property;
  - b. The land use rights of the property can only be transferred as a whole to companies which fulfil the conditions as stated in the State-owned Land Use Rights Grant Contract, and not permitted for strata-sale;
  - c. The property is mortgaged to China CITIC Bank for a total loan amount of RMB1,190,000,000.
  - d. EVOC Intelligent Technology Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.

5. Our valuation has been made on the basis and analysis:
- a. In undertaking the valuation, we have made reference to recent lettings of the property and various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparable properties range from RMB50 to RMB63 per sqm per month for the R&D office portion, from RMB28 to RMB40 per sqm per month for the R&D factory portion, and from RMB26 to RMB40 per sqm per month for the apartment portion of the property. Due adjustments to the unit rent of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rent. We have adopted an average unit rent of RMB59 per sqm per month, RMB31 per sqm per month and RMB27 per sqm per month, for the R&D office portion, R&D factory and apartment portions, respectively, which are consistent with the relevant comparables.
  - b. Based on our market research, the market yields of comparable properties are in the range between 5.00% and 5.50% as at the valuation date. Considering the location, risk and characteristics of the property, we have applied a capitalization rate of 5.50% in the valuation.

6. A summary of the major certificates/approvals is shown as follows:

- a. Real Estate Title Certificate Yes

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group II — held and occupied by the Group	RMB198,000,000
Group III — held for investment by the Group	<u>RMB940,000,000</u>
<b>Total</b>	<u><u>RMB1,138,000,000</u></u>



## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
4. 60 units in Fu'an Yayuan, Guanlan Street, Bao'an District, Shenzhen, Guangdong Province, the People's Republic of China	Fu'an Yayuan (the "Development") is an affordable housing development in Bao'an District, Shenzhen, completed in June 2015. The Development occupies a parcel of land with a site area of approximately 112,092.86 sqm.  The property comprises 60 residential units in the Development, with a total gross floor area of approximately 5,311.36 sqm.  The land use rights of the property have been granted for a land use term of 70 years commencing on 31 December 2010 and expiring on 30 December 2080 for residential use.	As at valuation date, the property was self-occupied.	No Commercial Value  (100% interest attributable to the Group: No Commercial Value)

*Notes:*

- Pursuant to the 60 sets of Real Estate Title Certificate dated between 14 September 2016 and 27 September 2016, the building ownership rights of the property with a total gross floor area of approximately 5,311.36 sqm are held by the Company, EVOC Intelligent Technology Co., Ltd. (研祥智能科技股份有限公司), for a term of 70 years expiring on 30 December 2080 for residential use.
- Pursuant to the 60 sets of Agreement of Sales and Purchase dated 31 December 2015 entered into between China Chang'an Automobile Group Shenzhen Investment Co., Ltd. and EVOC Intelligent Technology Co., Ltd., the building ownership of the property would be transferred to EVOC Intelligent Technology Co., Ltd. at a total consideration of RMB40,856,093.12.
- According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Gross Floor Area (sqm)	No. of car parking spaces
Group II — held and occupied by the Group	Residential	5,311.36	
	<b>Total</b>	<b>5,311.36</b>	<b>N/A</b>

4. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
  - a. EVOC Intelligent Technology Co., Ltd. is in possession of a proper legal title to the property, which can only be leased to or occupied by employee of the Company without housing allowance and owned properties;
  - b. The property cannot be freely transferred or mortgaged.
5. We have attributed no commercial value to the property as the transferability of the property is restricted. However, for the Company's reference, the capital value of the property is RMB42,500,000, assuming the property can be freely transferred by EVOC Intelligent Technology Co., Ltd. without any restrictions.
6. A summary of the major certificates/approvals is shown as follows:
  - a. Real Estate Title Certificate Yes
7. For the purpose of this report, the property is classified into the group as "Group II — held and occupied by the Group in the PRC" according to the purpose for which it is held.

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
5. Nantong EVOC Zhigu, the Western side of Zilang College, the Eastern side of Dasheng Road, Gangzha District, Nantong, Jiangsu Province, the People's Republic of China	<p>Nantong EVOC Zhigu (the "Development") is an industrial development located in Gangzha District in Nantong. The property occupies a parcel of land with a site area of approximately 91,151.77 sqm. The Development has a total planned gross floor area of approximately 230,260.94 sqm upon completion of the whole project.</p> <p>The property comprises a 5-storey R&amp;D factory with a total gross floor area of approximately 72,893.00 sqm which was completed in December 2017, and a parcel of vacant land with a planned gross floor area of approximately 157,126.40 sqm. The construction of the vacant land portion of the Development has not commenced as at the valuation date.</p> <p>The land rights of the property have been granted for a term 50 years expiring on 27 April 2063 for industrial use.</p>	<p>As of valuation date, the completed portion of the property was self-occupied.</p> <p>The remaining portion of the property was vacant as at the Valuation Date.</p>	<p>RMB289,000,000</p> <p>(100% interest attributable to the Group: RMB289,000,000)</p>

*Notes:*

- Pursuant to the State-owned Land Use Rights Grant Contract No. 3206012013YC0008 dated 16 January 2013, the land use rights of the property, with a site area of approximately 91,151.77 sqm have been granted to Nantong EVOC Intelligent Technology Co., Ltd. (南通研祥智能科技有限公司) for a term of 50 years for industrial use.
- As advised by the Group, Nantong EVOC Intelligent Technology Co., Ltd. is a subsidiary 90% directly owned by the Company and 10% indirectly owned by the Company through its wholly owned subsidiary, and in which the Company has a 100% attributable interest in total.
- Pursuant to the State-owned Land Use Rights Certificate Su Tong Guo Yong (2014) Di No. 0208023 dated 21 January 2014, the land use rights of the property with a site area of approximately 91,151.77 sqm has been granted to Nantong EVOC Intelligent Technology Co., Ltd. (南通研祥智能科技有限公司) for industrial use expiring on 27 April 2063.
- Pursuant to the Construction Land Planning Permit — Di Zi No. 320603201320044 dated 25 June 2013, the land with a site area of approximately 91,151.77 sqm for industrial use is in compliance with the urban planning requirements.
- Pursuant to the Construction Work Planning Permit — Jian Di No. 32060320150091 dated 30 April 2015, the construction works with a total permissible gross floor area of 73,264 sqm are in compliance with construction works requirements and have been approved.

6. Pursuant to the Construction Work Commencement Permit No. 320611201604150107 dated 15 April 2016 in favour of Nantong EVOC Intelligent Technology Co., Ltd., permission by the relevant local authority was given to commence the construction of the Development with a total gross floor area of approximately 72,863.25 sqm.
7. Pursuant to the Construction Work Completion and Inspection Certificate — 3206111603290101-JX-001 dated 28 December 2018, in favour of Nantong EVOC Intelligent Technology Co., Ltd., the construction of portion of the property with a gross floor area of approximately 72,893 sqm has been completed and passed the acceptance inspection in 2018.
8. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	(Planned)	No. of car parking spaces
		Gross Floor Area (sqm)	
Group II — held and occupied by the Group	R&D Factory	72,743.00	
	Other facilities	150.00	
	<b>Subtotal</b>	<u>72,893.00</u>	<u>N/A</u>
Group V — held for future development by the Group	R&D Factory	139,689.78	
	Other facilities	440.42	
	Car parking spaces	16,996.20	382
	<b>Subtotal</b>	<u>157,126.40</u>	<u>382</u>
	<b>Total</b>	<u>230,019.40</u>	<u>382</u>

9. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
10. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- Nantong EVOC Intelligent Technology Co., Ltd. is in possession of a proper legal title to the property;
  - All land premium for the development has been fully settled;
  - The design and construction of the completed portion of property have been fully approved by the relevant government authorities;
  - The property is free from mortgage or any other encumbrances.

11. Our valuation has been made on the basis and analysis:
- a. In undertaking the valuation, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparable properties range from RMB28 to RMB30 per sqm per month. Due adjustments to the unit rent of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rent. We have adopted an average unit rent of RMB33 per sqm per month, which is higher than the relevant comparables considering its better layout and quality.
  - b. Based on our market research, the market yields of comparable properties are in the range between 5.50% and 6.50% as at the valuation date. Considering the location, risk and characteristics of the property, we have applied a capitalization rate of 6.25% in the valuation.
  - c. In undertaking valuation of the vacant land portion, we have identified various relevant sales evidences of land in the locality which have similar characteristics as the subject property. The unit site value of these comparable land sites ranges from RMB407 to RMB465 per sqm on site area basis. Appropriate adjustments to the unit site values have been made to reflect factors such as accessibility and characteristics related to development potential in arriving at the appropriate unit rate.
12. A summary of the major certificates/approvals is shown as follows:
- a. State-owned Land Use Rights Grant Contract Yes
  - b. State-owned Land Use Rights Certificate Yes
  - c. Construction Land Planning Permit Yes
  - d. Construction Work Planning Permit Yes (Partial)
  - e. Construction Work Commencement Permit Yes (Partial)
  - f. Construction Work Completion and Inspection Certificate Yes (Partial)
13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group II — held and occupied by the Group	RMB272,000,000
Group V — held for future development by the Group	<u>RMB17,000,000</u>
<b>Total</b>	<u><u>RMB289,000,000</u></u>

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
6.	<p>Hangzhou EVOC Hi-Tech Tower, the northwest corner of the intersection of Jianghong Road and Binkang Road, Binjiang District, Hangzhou, Zhejiang Province, the People's Republic of China</p> <p>Hangzhou EVOC Hi-Tech Tower comprises two research &amp; development (R&amp;D) office buildings, Block A with 26 storeys and Block B with 8 storeys, located in Binjiang District, Hangzhou. Completed in 2016, the property occupies a parcel of land with a site area of approximately 17,120 sqm.</p> <p>The property comprises various R&amp;D office units with a total gross floor area of approximately 47,867.96 sqm. In addition, there is a total of 298 car parking spaces located in the basement levels, with a total gross floor area of approximately 17,642.64 sqm.</p> <p>The land use rights of the property have been granted for a land use term of 50 years with a land use expiry date on 13 September 2062 for industrial use.</p>	<p>As at valuation date, portion of the property with a total gross floor area of approximately 38,182.93 sqm was leased to various third-party tenants, with a total monthly rent of RMB3,038,669 with latest expiry on 4 April 2025.</p> <p>Portion of the property with a total gross floor area of approximately 3,679.62 sqm was self-occupied, and the remaining portion was vacant.</p>	<p>RMB269,700,000</p> <p>(100% interest attributable to the Group: RMB269,700,000)</p>

*Notes:*

- Pursuant to the Real Estate Title Certificate — Zhe (2017) Hangzhou Shi Bu Dong Chan Quan Di No. 0128940 dated on 4 May 2017, the land use rights of the property with a site area of approximately 17,120 sqm and the building ownership rights of the property with a total gross floor area of approximately 47,867.96 sqm are held by Zhejiang EVOC Intelligent Technology Co., Ltd. (浙江研祥智能科技有限公司) expiring on 13 September 2062 for industrial use.
- As advised by the Group, Zhejiang EVOC Intelligent Technology Co., Ltd. is a subsidiary 90% directly owned by the Company and 10% indirectly owned by the Company through its wholly owned subsidiary, and in which the Company has a 100% attributable interest in total.

3. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Gross Floor Area ( <i>sqm</i> )	No. of car parking spaces
Group II — held and occupied by the Group	R&D Office	1,577.20	
	Retail	2,102.62	
	<b>Subtotal</b>	<u>3,679.82</u>	<u>N/A</u>
Group III — held for investment by the Group	R&D Office	42,561.72	
	Retail	1,626.42	
	Car parking spaces*	17,642.64	298
	<b>Subtotal</b>	<u>61,830.78</u>	<u>298</u>
<b>Total</b>		<u>65,510.60</u>	<u>298</u>

\* *The area of this portion of the property is not recorded on the Real Estate Title Certificate.*

4. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
5. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- a. Zhejiang EVOC Intelligent Technology Co., Ltd. is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the property;
  - b. The land use rights of the property can only be transferred as a whole and are not permitted for strata-sale;
  - c. If the land use rights of the property have to be transferred within ten years, the Government of Hangzhou Binjiang District or the Municipal Land Reserve Centre of Hangzhou would have the rights of first purchase. After ten years, the land use rights of the property can only be transferred upon receiving the approval from the Municipal Land Reserve Centre of Hangzhou or the Government of Hangzhou Binjiang District;
  - d. The property is mortgaged to Bank of Communications Binjiang Branch for the loan amount of RMB415,470,000.
  - e. Zhejiang EVOC Intelligent Technology Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.



6. Our valuation has been made on the basis and analysis:

In undertaking the valuation, as the Government of Hangzhou Binjiang District or the Municipal Land Reserve Centre of Hangzhou have the rights of first purchase at cost as at the valuation date, we have valued the property by taking the sum of the land value, based on the original land premium of the site, and building value, based on the cost to reproduce or replace the building portion of the property in new condition in accordance with current construction costs for similar properties in the locality.

7. For the Company's reference, the capital value of the property in its existing state, having regard to the existing tenancies and occupational arrangements as at the Valuation Date is RMB340,000,000, assuming the Government of Hangzhou Binjiang District or the Municipal Land Reserve Centre of Hangzhou will not exercise its rights of first purchase.

8. A summary of the major certificates/approvals is shown as follows:

a. Real Estate Title Certificate Yes

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group II — held and occupied by the Group	RMB15,100,000
Group III — for investment held by the Group	<u>RMB254,600,000</u>
<b>Total</b>	<u><u>RMB269,700,000</u></u>

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
7. EVOC International Financial Centre, Huaqiao Town, Kunshan, Jiangsu Province, the People's Republic of China	<p>The property consists of a commercial and office development known as EVOC International Financial Centre, in Huaqiao Town, Kunshan. It occupies a parcel of land with a site area of approximately 9,584.00 sqm.</p> <p>The property is proposed for an office building atop retail podium with a total planned gross floor area of approximately 162,055.34 sqm, comprising a total aboveground gross floor area of approximately 130,006.42 sqm and a total underground gross floor area of approximately 32,049.09 sqm.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 12 March 2052 for commercial and office use.</p>	<p>The property was under construction as at the Valuation Date with the expected completion date of February 2023.</p>	<p>RMB349,000,000</p> <p>(100% interest attributable to the Group: RMB349,000,000)</p>

*Notes:*

- Pursuant to the State-owned Land Use Rights Grant Contract No. 3205832012CR0021 dated 13 January 2012, the land use rights of the property, with a site area of approximately 9,584 sqm have been granted to Jiangsu EVOC Intelligence Technology Co., Ltd. (江蘇研祥智能科技有限公司) for a term of 40 years for commercial and office use.
- As advised by the Group, Jiangsu EVOC Intelligent Technology Co., Ltd. is a subsidiary 90% directly owned by the Company and 10% indirectly owned by the Company through its wholly owned subsidiary, and in which the Company has a 100% attributable interest in total.
- Pursuant to the State-owned Land Use Rights Certificate Kun Guo Yong (2012) Di No. 12012111153 dated 28 August 2012, the land use rights of the property with a site area of approximately 9,584.00 sqm have been granted to Jiangsu EVOC Intelligence Technology Co., Ltd. for commercial and office uses expiring on 12 March 2052.
- Pursuant to the Construction Land Planning Permit — Di Zi Di GJ2012Y-029 (b-1) dated 15 December 2015, the land with a site area of approximately 9,584 sqm for commercial and office use is in compliance with the urban planning requirements.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di GJg2016-019 (b-2) dated 23 November 2018, the construction works with a total permissible gross floor area of 162,055.34 sqm are in compliance with construction works requirements and have been approved.
- Pursuant to the Construction Work Commencement Permit No. 320583201612080201 dated 8 December 2016 in favour of Jiangsu EVOC Intelligence Technology Co., Ltd., permission by the relevant local authority was given to commence the construction of the foundation of the Development.

7. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Planned Gross Floor Area ( <i>sqm</i> )	No. of car parking spaces
Group IV — held under development by the Group	Office	104,952.99	
	Retail	12,393.91	
	Other facilities	16,265.39	
	Car parking spaces	<u>28,443.05</u>	<u>639</u>
	<b>Total</b>	<u><u>162,055.34</u></u>	<u><u>639</u></u>

8. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 9.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
9. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- a. Jiangsu EVOC Intelligence Technology Co., Ltd. is in possession of a proper legal title to the property;
  - b. All land premium for the development has been fully settled;
  - c. The design and construction of the property have been approved by the relevant government authorities;
  - d. The property is mortgaged to Industrial and Commercial Bank of China Kunshan Branch for the loan amount of RMB 80,505,600.
  - e. Jiangsu EVOC Intelligent Technology Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.
10. Our valuation has been made on the basis and analysis:
- a. In undertaking the valuation, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparable properties range from RMB46 to RMB54 per sqm per month for the office portion, and from RMB110 to RMB180 per sqm per month for the retail portion. Due adjustments to the unit rent of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rent. We have adopted an average unit rent of RMB58 per sqm per month and RMB196 per sqm per month, for the office portion and the retail portions, respectively, which are higher than the relevant comparables considering its better building condition and quality.
  - b. Based on our market research, the market yields of comparable properties are in the range between 5.00% and 5.50% as at the valuation date. Considering the location, risk and characteristics of the property, we have applied a capitalization rate of 5.25% in the valuation.

11. As advised by the Group, the total budgeted construction cost is RMB956,282,175. The construction cost incurred as of the valuation date was approximately RMB263,370,210. We have taken into account such costs in the course of our valuation.
12. The capital value of the property as if completed as at the valuation date according to the development proposal would be RMB1,324,000,000.
13. A summary of the major certificates/approvals is shown as follows:
- |    |  |               |
|----|--|---------------|
| a. | State-owned Land Use Rights Grant Contract | Yes           |
| b. | State-owned Land Use Rights Certificate    | Yes           |
| c. | Construction Land Planning Permit          | Yes           |
| d. | Construction Work Planning Permit          | Yes           |
| e. | Construction Work Commencement Permit      | Yes (Partial) |
14. For the purpose of this report, the property is classified into the group as “Group IV — held under development by the Group in the PRC” according to the purpose for which it is held.

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
8. Portion of Hermes Cove, Dianshanhu Town, Kunshan, Jiangsu Province, the People's Republic of China	<p>Hermes Cove ("the Development") is located in Dianshanhu Town, Kunshan. It occupies two parcels of land with a total site area of approximately 222,384.60 sqm, which is being developed into a residential and commercial development in 3 phases, with a total planned gross floor area of approximately 170,959.53 sqm. Phases 1 and 2 of the Development were completed in 2015 and 2018.</p> <p>The property comprises the unsold units of Phases 1 and 2 with a total gross floor area of approximately 103,153.97 sqm; and vacant land in Phase 3 with a total planned gross floor area of approximately 89,269.92 sqm.</p> <p>The land use rights of the property have been granted for terms of 40 years expiring on 12 May 2053 for commercial use and 70 years expiring on 12 May 2083 for residential use.</p>	<p>Phases 1 and 2 of the property were completed as at the Valuation Date. Portion of the unsold completed property with a total gross floor area of approximately 839.2 sqm was leased to various third-party tenants, at a total monthly rent of approximately RMB27,699 with latest expiry on 28 September 2021. Portion of the completed property with a gross floor area of approximately 914.44 sqm was self-occupied. The remaining portion was vacant.</p> <p>Phase 3 of the property was vacant land at the Valuation Date.</p>	<p>RMB1,280,600,000</p> <p>(100% interest attributable to the Group: RMB1,280,600,000)</p>

*Notes:*

- Pursuant to the State-owned Land Use Rights Grant Contract No. 3205832013CR0063 dated 13 March 2013, the land use rights of the property with a total site area of approximately 222,384.66 sqm have been granted to Kunshan EVOC Intelligence Technology Co., Ltd (昆山研祥智能科技有限公司) for terms of 40 years for business and commercial uses and 70 years for residential use.
- As advised by the Group, Kunshan EVOC Intelligent Technology Co., Ltd. is a subsidiary 90% directly owned by the Company and 10% indirectly owned by the Company through its wholly owned subsidiary, and in which the Company has a 100% attributable interest in total.

3. Pursuant to the two State-owned Land Use Rights Certificates Kun Guo Yong (2013) Di No. DW546 and Kun Guo Yong (2013) Di No. DW547 dated 4 September 2013, the land use rights of the property with a site area of approximately 67,616.30 sqm and 154,768.30 sqm have been granted to Kunshan EVOC Intelligence Technology Co., Ltd. for commercial use expiring on 12 May 2053 and residential use expiring on 12 May 2083.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320583201320166 dated 19 July 2013, the land with a total site area of approximately 222,384.70 sqm is in compliance with the urban planning requirements.
5. Pursuant to 119 sets of Construction Work Planning Permits, the construction works with a total permissible gross floor area of 167,652.07 sqm are in compliance with construction works requirements and have been approved.
6. Pursuant to 4 sets Construction Work Commencement Permit in favour of Kunshan EVOC Intelligence Technology Co., Ltd., permission by the relevant local authority was given to commence the construction of the Development with a total gross floor area of approximately 167,667.78 sqm.
7. Pursuant to 3 sets of Pre-sale Permit in favour of Kunshan EVOC Intelligence Technology Co., Ltd., the Group is entitled to sell portion of the Development, with a total gross floor area of 58,788.28 sqm to purchasers.
8. Pursuant to the 3 sets of Construction Work Completion and Inspection Certificate in favour of Kunshan EVOC Intelligence Technology Co., Ltd., the construction of the portions of the property with a gross floor area of approximately 167,221.09 sqm has been completed and passed the acceptance of inspection in 2015 and 2019.
9. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	(Planned)	No. of car parking spaces
		Gross Floor Area (sqm)	
Group I — held for sale by the Group	Office	42,850.93	
	Residential	56,825.79	
	Car parking spaces*	33,452.75	945
	<b>Subtotal</b>	<u>133,129.47</u>	<u>945</u>
Group II — held and occupied by the Group	Office	914.44	
	<b>Subtotal</b>	<u>914.44</u>	<u>N/A</u>
Group III — held for investment by the Group	Office	2,562.81	
	<b>Subtotal</b>	<u>2,562.81</u>	<u>N/A</u>
Group V — held for future development by the Group	Office	47,200.00	
	Residential	7,069.92	
	Hotel and Convention Centre	35,000.00	
	Car parking spaces	20,568.09	680
	<b>Subtotal</b>	<u>109,838.01</u>	<u>680</u>
<b>Total</b>		<u>246,444.73</u>	<u>1,625</u>

\* Portion of the carpark with a total gross floor area of approximately 10,772.47 sqm is civil defence carpark.

10. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% (the completed portion) or 9.3% (the vacant land portion) of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
11. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
  - a. Kunshan EVOC Intelligence Technology Co., Ltd. is in possession of a proper legal title to the property;
  - b. All land premium for the development has been fully settled;
  - c. The design and construction of the completed portion of the property have been fully approved by the relevant government authorities;
  - d. Portion of the property is mortgaged to Shanghai Rural Commercial Bank Kunshan Branch for the loan amount of RMB120,000,000.
  - e. Kunshan EVOC Intelligence Technology Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.
  - f. Part of the unsold portion of Phase 1 and Phase 2 had obtained Pre-sale Permit. Kunshan EVOC Intelligence Technology Co., Ltd. is entitled to sell the remaining portion upon completion of the relevant real estate registration.
12. Our valuation has been made on the basis and analysis:
  - a. In undertaking the valuation of the completed portion, we have made reference to various market comparables of similar developments within the same district which have characteristics comparable to the property. The unit prices of these comparable properties range from RMB10,000 to RMB11,000 per sqm for the office portion, and from RMB21,200 to RMB25,600 for the residential portion. Due adjustments to the unit prices of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rate.
  - b. In undertaking valuation of the vacant land portion, we have identified various relevant sales evidences of land in the locality which have similar characteristics as the subject property. The accommodation value of these comparable land sites ranges from RMB1,000 to RMB1,610 per sqm. Appropriate adjustments to the accommodation value unit rates have been made to reflect factors such as accessibility and characteristics related to development potential in arriving at the appropriate unit rate.



13. A summary of the major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes (Partial)
f.	Pre-sale Permit	Yes (Partial)
g.	Construction Work Completion and Inspection Certificate	Yes (Partial)

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group I — held for sale by the Group	RMB1,170,700,000
Group II — held and occupied by the Group	RMB7,600,000
Group III — held for investment by the Group	RMB21,300,000
Group V — held for future development by the Group	<u>RMB81,000,000</u>
<b>Total</b>	<u><u>RMB1,280,600,000</u></u>

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
9. Portion of Shengang Guoji A1, Xishan District, Wuxi, Jiangsu Province, the People's Republic of China	<p>Shengang Guoji A1 (the "Development") is located in Xishan District, Wuxi. The development occupies a parcel of land with a total site area of approximately 107,593.7 sqm.</p> <p>The Development comprises one block of commercial apartment, two office towers, one shopping mall, including car parking spaces (collectively "the unsold completed portion"), and a development site which is being developed into one office tower with car parking spaces.</p> <p>The property comprises the unsold completed portion, with a total gross floor area of approximately 176,805.37 sqm completed between 2012 and 2016, and the development site with a total planned gross floor area of approximately 44,606 sqm for office use and 17,590 sqm for car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 7 December 2044 for commercial use.</p>	<p>As at valuation date, portion of the unsold completed property with a total gross floor area of approximately 60,446.2 sqm was leased to various third-party tenants, at a total monthly rent of approximately RMB2,003,260 with latest expiry on 14 October 2031.</p> <p>Portion of the property with a total gross floor area of approximately 5,918.44 sqm was self-occupied, and the remaining portion was vacant.</p> <p>The development site of the property was under construction as at the Valuation Date with the expected completion date of November 2020.</p>	<p>RMB1,261,400,000</p> <p>(100% interest attributable to the Group: RMB1,261,400,000)</p>

*Notes:*

- Pursuant to the State-owned Land Use Rights Certificate Xi Xin Guo Yong (2011) Di No. 018 dated April 2011, the land use rights of the property with a site area of approximately 107,593.7 sqm have been granted to Wuxi Shengang International Outsourcing Service Development Co., Ltd. (無錫深港國際服務外包產業發展有限公司) for commercial use expiring on 7 December 2044.

2. As advised by the Group, Wuxi Shengang International Outsourcing Service Development Co., Ltd is a subsidiary wholly owned by the Company and in which the Company has a 100% attributable interest.
3. Pursuant to the 69 Realty Title Certificates, the building ownership rights of the property with a total gross floor area of 46,555.05 sqm have been granted to Wuxi Shengang International Outsourcing Service Development Co., Ltd. for commercial use for a term of 40 years.
4. Pursuant to the Construction Land Planning Permit — Xi Xin Gui Di Xu (2007) Di No. 92 dated 7 June 2007, the land with a total site area of approximately 411,003 sqm is in compliance with the urban planning requirements.
5. Pursuant to the Construction Work Planning Permit — Jian Zi Di 3202012016X0124 dated 27 June 2016, the construction works with a total permissible gross floor area of 62,196 sqm are in compliance with construction works requirements and have been approved.
6. Pursuant to the Construction Work Commencement Permit No. 320291201611020101 dated 2 November 2016 in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., permission by the relevant local authority was given to commence the construction of the Development with a total gross floor area of approximately 62,196 sqm.
7. Pursuant to a Pre-sale Permit No. (2011) Yu Xiao Zhun Zi Di No. 083 in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., the Group is entitled to sell portion of the Development, with a total gross floor area of 112,757.42 sqm to purchasers.
8. Pursuant to 2 sets of Construction Work Completion and Inspection Certificate in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., the construction of portion of the Development with a gross floor area of approximately 218,726.81 sqm has been completed and passed the acceptance of inspection in 2013 and 2014.
9. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	(Planned) Gross Floor Area (sqm)	No. of car parking spaces
Group I — held for sale by the Group	Office	9,348.46	
	Commercial Apartment	25,875.68	
	<b>Subtotal</b>	<b>35,224.14</b>	N/A
Group II — held and occupied by the Group	Retail	798.14	
	Other Facilities	5,120.30	
	Car parking spaces	47,193.08	965
	<b>Subtotal</b>	<b>53,111.52</b>	965
Group III — held for investment by the Group	Office	39,919.97	
	Retail	48,549.74	
	<b>Subtotal</b>	<b>88,469.71</b>	N/A
Group IV — held under development by the Group	Office	44,606.00	
	Car parking spaces	17,590.00	321
	<b>Subtotal</b>	<b>62,196.00</b>	321
	<b>Total</b>	<b>239,001.37</b>	1,286

10. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% (completed portion) or 9.3% (under construction portion) of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
11. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
  - a. Wuxi Shengang International Outsourcing Service Development Co., Ltd. is in possession of a proper legal title to the property;
  - b. All land premium for the development has been fully settled;
  - c. The design and construction of the property have been fully approved by the relevant government authorities;
  - d. Portion of the property is mortgaged to China Zheshang Bank Shenzhen Branch for the loan amount of RMB120,000,000.
  - e. Wuxi Shengang International Outsourcing Service Development Co., Ltd. is entitled to lease, transfer or dispose of the mortgaged portion of the property after discharging the mortgage or obtaining consent from the mortgagee.
  - f. Part of the unsold portion had obtained Pre-sale Permit. Wuxi Shengang International Outsourcing Service Development Co., Ltd. is entitled to sell the remaining portion upon completion of the relevant real estate registration.
12. Our valuation has been made on the basis and analysis:
  - a. In undertaking the valuation of the completed portion, we have made reference to various market comparables of similar developments within the same district which have characteristics comparable to the property. The unit prices of these comparable properties range from RMB7,000 to RMB12,500 per sqm for the office portion, and from RMB9,000 to RMB9,400 for the commercial apartment portion. Due adjustments to the unit prices of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rate.
  - b. We have also made reference to recent lettings of the property and various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparable properties range from RMB49 to RMB50 per sqm per month for the office portion, and from RMB104 to RMB146 per sqm per month for the retail portion. Due adjustments to the unit rent of these comparable properties have been made to reflect factors including but not limited to, time, location, size and other physical characteristics in arriving at the assumed unit rent. We have adopted an average unit rent of RMB49 per sqm per month and RMB68 per sqm per month, for the office portion and the retail portions, respectively, which are consistent with the relevant comparables.
  - c. Based on our market research, the market yields of comparable properties are in the range between 5.00% and 5.50% as at the valuation date. Considering the location, risk and characteristics of the property, we have applied a capitalization rate of 5.00% in the valuation.
13. As advised by the Group, the total budgeted construction cost is RMB213,097,478. The construction cost incurred as of the valuation date was approximately RMB125,764,573. We have taken into account such costs in the course of our valuation.

14. The capital value of the development site of the property as if completed as at the valuation date according to the development proposal would be RMB325,700,000.
15. A summary of the major certificates/approvals is shown as follows:
- |    |   |               |
|----|---|---------------|
| a. | State-owned Land Use Rights Grant Contract              | Yes           |
| b. | State-owned Land Use Rights Certificate                 | Yes           |
| c. | Construction Land Planning Permit                       | Yes           |
| d. | Construction Work Planning Permit                       | Yes           |
| e. | Construction Work Commencement Permit                   | Yes (Partial) |
| f. | Pre-sale Permit   | Yes (Partial) |
| g. | Construction Work Completion and Inspection Certificate | Yes (Partial) |
| h. | Real Estate Title Certificate                           | Yes (Partial) |
16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held. The market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market Value in existing state as at the Valuation Date</b>
Group I — held for sale by the Group	RMB273,900,000
Group II — held and occupied by the Group	RMB121,640,000
Group III — held for investment by the Group	RMB682,560,000
Group IV — held under development by the Group	<u>RMB183,300,000</u>
<b>Total</b>	<u><u>RMB1,261,400,000</u></u>

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 30 June 2020
10. Portion of Shengang Guoji A2, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	<p>Shengang Guoji A2 ("the Development") occupies a parcel of land with a total site area of approximately 107,627.4 sqm. It was completed in 2018.</p> <p>The total gross floor area of the Development is 140,016 sqm with an aboveground gross floor area of 81,006 sqm and underground gross floor area of 59,010 sqm.</p> <p>The property comprises the unsold portion and sold but not delivered portion of commercial apartment units, with a total aboveground gross floor area of approximately 59,023.41 sqm.</p> <p>The land use rights of the property have been granted for a land use term of 40 years expiring on 7 December 2044 for commercial use.</p>	As at valuation date, the property was vacant.	RMB810,000,000  (100% interest attributable to the Group: RMB810,000,000)

*Notes:*

- Pursuant to the State-owned Land Use Rights Certificate Xi Xin Guo Yong (2009) Di No.10 dated 22 July 2009, the land use rights of the property with a site area of approximately 107,627.4 sqm have been granted to Wuxi Shengang International Outsourcing Service Development Co., Ltd. (無錫深港國際服務外包產業發展有限公司) for commercial use expiring on 7 December 2044.
- As advised by the Group, Wuxi Shengang International Outsourcing Service Development Co., Ltd is a subsidiary wholly owned by the Company and in which the Company has a 100% attributable interest.
- Pursuant to the Construction Land Planning Permit — Xi Xin Gui Di Xu (2007) Di No. 92 dated 7 June 2007, the land with a total site area of approximately 411,003 sqm is in compliance with the urban planning requirements.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di 3202012014X0158 dated 8 July 2014, the construction works with a total permissible gross floor area of 140,016 sqm are in compliance with construction works requirements and have been approved.
- Pursuant to the Construction Work Commencement Permit No. 320291201506180101 dated 18 June 2015 in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., permission by the relevant local authority was given to commence the construction of the Development with total gross floor area of approximately 140,016 sqm.
- Pursuant to a Pre-sale Permit No. (2016) Yu Xiao Zhun Zi Di No. 105 in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., the Group is entitled to sell portion of the Development, with a total gross floor area of 31,051.22 sqm to purchasers.

7. Pursuant to the Construction Work Completion and Inspection Notice Xi Xin Jian (2018) No. 5 (錫新建(2018) 5號 — 交付使用竣工驗收的通知) in favour of Wuxi Shengang International Outsourcing Service Development Co., Ltd., the construction of the Development with a gross floor area of approximately 138,342.31 sqm has been completed and passed the acceptance of inspection in 2018.
8. As advised by the Group, various commercial apartment units with a total gross floor area of approximately 1,190.55 sqm of the Property has been sold but not delivered to the purchasers as at the valuation date, with a total consideration of RMB26,280,000. In arriving at our opinion on the Market Value of the Property, we have taken into account the contracted prices of such portions of the property as provided by the Group.
9. According to the information provided by the Company, the gross floor area of the property is set out as below:

Group	Use	Aboveground Gross Floor Area (sqm)	No. of car parking spaces
Group I — held for sale by the Group	Commercial apartment	59,023.41	
	<b>Total</b>	<u>59,023.41</u>	<u>N/A</u>

10. As advised by the Group, the potential tax liabilities which would arise from the sale of the properties include profit tax is levied on the profit from the sale of the property at 25%, value added tax and related taxes at 5.3% of the transaction amount and land appreciation tax levied on the gains from the appreciation of property value, at progressive rates ranging from 30% to 60% based on the amount of land value appreciation.
11. We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following information:
- a. Wuxi Shengang International Outsourcing Service Development Co., Ltd. is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;
  - b. The property is free from mortgage or any other encumbrances.
  - c. Part of the unsold portion had obtained Pre-sale Permit. Wuxi Shengang International Outsourcing Service Development Co., Ltd. is entitled to sell the remaining portion upon completion of the relevant real estate registration.
12. Our valuation has been made on the basis and analysis:

In undertaking the valuation, we have made reference to recent sales transactions within the Development. Due adjustments to the unit prices of these comparable properties have been made to reflect factors including but not limited to, time, size and other physical characteristics in arriving at the assumed unit rate.

13. A summary of the major certificates/approvals is shown as follows:

- |    |   |               |
|----|---|---------------|
| a. | State-owned Land Use Rights Certificate                 | Yes           |
| b. | Construction Land Planning Permit                       | Yes           |
| c. | Construction Work Planning Permit                       | Yes           |
| d. | Construction Work Commencement Permit                   | Yes           |
| e. | Pre-sale Permit   | Yes (Partial) |
| f. | Construction Work Completion and Inspection Certificate | Yes           |

14. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.



## 1. RESPONSIBILITY STATEMENT

The information in this Composite Document relating to the Company has been supplied by the directors of the Company. The issue of this Composite Document has been approved by the directors of the Company, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. SHARE CAPITAL

### (a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<b>Authorised:</b>	<i>RMB</i>
924,792,000 Domestic Shares of RMB0.1 each	92,479,200
308,352,000 H Shares of RMB0.1 each	<u>30,835,200</u>
Total	<u><u>123,314,400</u></u>
<b>Issued and fully paid:</b>	<i>RMB</i>
924,792,000 Domestic Shares of RMB0.1 each	92,479,200
308,352,000 H Shares of RMB0.1 each	<u>30,835,200</u>
Total	<u><u>123,314,400</u></u>

All of the Domestic Shares and H Shares currently in issue rank *pari passu* in all respects with each other, including voting rights, right to receive dividend payment (except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to H Shareholders) and capital (including right to return of capital).

The number of Shares in issue at 31 December 2019, being the date to which the latest audited consolidated financial statements of the Group were made up, was 1,233,144,000, with 924,792,000 Domestic Shares and 308,352,000 H Shares. The Company has not issued any Shares since that date until the Latest Practicable Date.

There were not any outstanding options, derivatives, warrants, or any conversion rights affecting the Shares issued by the Company as at the Latest Practicable Date and the Company has not entered into any agreement for the issue of such options, derivatives, warrants, or securities convertible or exchangeable into Shares, and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

**(b) Listing**

The H Shares are listed and traded on the Main Board. No part of the Shares is listed or dealt in, nor is any listing or permission to deal in the Shares being or proposed to be sought, on any other stock exchange.

**3. DISCLOSURE OF INTERESTS**

**(a) Interests of the directors, supervisors and chief executives of the Company in the securities of the Company and the securities of the associated corporations of the Company**

As at the Latest Practicable Date, save as disclosed below, none of the directors, supervisors and chief executives of the Company had any 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 SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register required to be kept pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; or (iv) required to be disclosed under the Takeovers Code.

*Interests in the Company*

Director	Type of interests	Number of Shares	Class of Shares	Approximate percentage of holding of the relevant class of shares of the Company	Approximate percentage of holding of the total share capital of the Company
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	878,552,400 (Note 1)	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	46,239,600 (Note 2)	Domestic Shares	5.00%	3.75%

*Notes:*

1. These Domestic Shares are held by the Offeror which is owned as to 70.5% by Mr. Chen and 29.5% by Ms. Wang Rong (王蓉), the spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in the Offeror, Mr. Chen is deemed to be interested in all the Domestic Shares held by the Offeror in the Company pursuant to Part XV of the SFO.
2. These Domestic Shares are held by SZ Haoxuntong which is owned as to 100.0% by Mr. Chen. By virtue of Mr. Chen's holding of the entire interest in SZ Haoxuntong, Mr. Chen is deemed to be interested in all the Domestic Shares held by SZ Haoxuntong in the Company pursuant to Part XV of the SFO.

*Interests in the associated corporations*

<b>Director</b>	<b>Associated corporation</b>	<b>Type of interests</b>	<b>Approximate percentage of holding of the total share capital of the associated corporation</b>
Chen Zhi Lie (陳志列)	EVOC Hi-Tech Holding Group Co., Ltd	Beneficial owner	70.5%
		Interest of spouse	29.5%
Wang Rong (王蓉)	EVOC Hi-Tech Holding Group Co., Ltd	Beneficial owner	29.5%
		Interest of spouse	70.5%

*Note:*

Ms. Wang Rong (王蓉) is the spouse of Mr. Chen and therefore Mr. Chen is deemed to be interested in the shares held by Ms. Wang Rong (王蓉) and Ms. Wang Rong (王蓉) is deemed to be interested in the shares held by Mr. Chen by virtue of Part XV of the SFO.

**(b) Interests of substantial shareholders in the securities of the Company**

As at the Latest Practicable Date, save as disclosed below, so far as was known to the Board, no persons (not being a director, supervisor or chief executive of the Company) had an interest or a short position in the shares or underlying shares and debentures 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 under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of Shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
EVOC Hi-Tech Holding Group Co., Ltd (Note 1)	Registered and beneficial owner of the Domestic Shares	878,552,400	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列) (Note 1)	Interest of a controlled corporation	878,552,400	Domestic Shares	95.00%	71.25%
Shenzhen Haoxuntong Industry Co., Ltd. (Note 2)	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%
Chen Zhi Lie (陳志列) (Note 2)	Interest of a controlled corporation	46,239,600	Domestic Shares	5.00%	3.75%

*Notes:*

- Mr. Chen is the beneficial owner of 70.5% interests in EVOC Hi-Tech Holding Group Co., Ltd and is deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech Holding Group Co., Ltd pursuant to Part XV of the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of EVOC Hi-Tech Holding Group Co., Ltd.
- These Domestic Shares are held by SZ Haoxuntong which is owned as to 100% by Mr. Chen. By virtue of Mr. Chen's holding of the entire interest in SZ Haoxuntong, Mr. Chen is deemed to be interested in all the Domestic Shares held by SZ Haoxuntong in the Company pursuant to Part XV of the SFO.

**(c) Interests discloseable under Schedule II to the Takeovers Code**

Save as disclosed above, as at the Latest Practicable Date:

- (i) the Company was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror and the Company had not dealt for value in the shares or relevant securities of the Offeror during the Disclosure Period;
- (ii) None of the Directors was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror, and none of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror during the Disclosure Period;
- (iii) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, or had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Disclosure Period;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and none of such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Disclosure Period;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt for value in any relevant securities in the Company during the Disclosure Period;
- (vi) none of the directors of the Company held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the H Share Offer; and
- (vii) none of the Company or the directors of the Company had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

#### 4. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (i) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the H Share Offer;
- (ii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the H Share Offer or otherwise connected with the H Share Offer; and
- (iii) there is no material contract entered into by the Offeror in which any Director has a material personal interest.

#### 5. SERVICE CONTRACTS WITH DIRECTORS

The Company had entered into the following service agreements with the Directors all of which still have more than 12 months to run irrespective of the notice period. Details of the said fixed term service contracts are set out below:

- (a) the service contract entered into between the Company and Mr. Geng Wen Qiang, pursuant to which Mr. Geng Wen Qiang was appointed as an executive Director for a period from 30 May 2019 to the date of the annual general meeting of 2022 and entitled to receive remuneration from the Company of RMB240,000 per year.
- (b) the service contract entered into between the Company and Mr. Yu Tat Chi Michael, pursuant to which Mr. Yu Tat Chi Michael was appointed as an independent non-executive Director for a period from 30 May 2019 to the date of the annual general meeting of 2022 and entitled to receive remuneration from the Company of RMB35,000 per year.
- (c) the service contract entered into between the Company and Ms. Wu Yan Nan, pursuant to which Ms. Wu Yan Nan was appointed as an independent non-executive Director for a period from 29 June 2020 to the date of the annual general meeting of 2023 and entitled to receive remuneration from the Company of RMB12,000 per year.
- (d) the service contract entered into between the Company and Mr. Ling Chun Kwok, pursuant to which Mr. Ling Chun Kwok was appointed as an independent non-executive Director for a period from 29 June 2020 to the date of the annual general meeting of 2023 and entitled to receive remuneration from the Company of RMB35,000 per year.

Save as disclosed above, none of the Directors had entered into any service agreement or letter of appointment with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six (6) months before the date of commencement of the Offer

Period; (ii) was a continuous contract with a notice period of twelve (12) months or more; (iii) was a fixed term contract with more than twelve (12) months to run irrespective of the notice period; or (iv) was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## 6. MATERIAL CONTRACTS

Within the two (2) years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries has entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries:

- the property management services framework agreement dated 31 December 2018 entered into between the Company and WuXi Feng Shui Long Property Management Limited Shenzhen Branch (無錫風水隆物業管理有限公司深圳分公司) (“**Feng Shui Long**”) for the period from 1 January 2019 to 31 December 2021 pursuant to which the Company appointed Feng Shui Long to provide certain property management services in respect of EVOC Intelligence Valley (研祥智谷) to the users of the property, particulars of which are set out in the announcement of the Company dated 31 December 2018.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

## 8. QUALIFICATION OF EXPERT

The following are the name and qualification of the experts who has given opinion or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Sorrento Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
CBRE	independent property valuer

Each of Sorrento Capital and CBRE has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its opinions, reports, advice, recommendations, and/or letters and the references to its name, logo, opinions, reports, advice, recommendations, and/or letters in the form and context in which they are included.

**9. MISCELLANEOUS**

- (1) The registered office and principal place of business of the Company is EVOC Technology Building, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen, People's Republic of China and the liaison office in Hong Kong of the Company is Unit No. 1619, 16th Floor, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong.
- (2) The Registrar is Tricor Abacus Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (3) The registered office of Sorrento Capital is at 11th Floor, The Wellington, 198 Wellington Street, Central, Hong Kong.
- (4) The registered office of CBRE is at Level 27, One Pacific Place, 88 Queensway, Admiralty, Hong Kong.
- (5) The registered office of Commerce & Finance Law Offices is at 23/F, Building A, CASC Plaza, Haide 3rd Road Nanshan District, Shenzhen, PRC.
- (6) The English text of this Composite Document, the Form of Acceptance, and the forms of proxy shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (1) on the website of the Company at [www.evoc.com](http://www.evoc.com); (2) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk); and (3) at the liaison office of the Company in Hong Kong at Unit No. 1619, 16th Floor, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) from the date of the Composite Document onwards for so long as the H Share Offer remains open for acceptance:

- (1) the Articles of the Company;
- (2) the annual reports for each of the three (3) years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- (3) the 2020 Interim Results Announcement;
- (4) the "Letter from the Board", the text of which is set out from pages 21 to 32 of this Composite Document;
- (5) the "Letter from the Independent Board Committee", the text of which is set out from pages 33 to 34 of this Composite Document;
- (6) the "Letter from Sorrento Capital", the text of which is set out from pages 35 to 65 of this Composite Document;



- (7) the English version of the property valuation report of the Group (including valuation certificates) prepared by CBRE, the text of which is set out in Appendix III of this Composite Document;
- (8) the service contracts referred to in the section headed “5. SERVICE CONTRACTS WITH DIRECTORS” in this Appendix IV of this Composite Document;
- (9) the material contract referred to in the section headed “6. MATERIAL CONTRACTS” in this Appendix IV of this Composite Document;
- (10) the written consents from the experts referred to in the section headed “8. QUALIFICATION OF EXPERT” in this Appendix IV of this Composite Document; and
- (11) this Composite Document and the accompanying Form of Acceptance.

## 1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Group in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICE

The table below shows the closing prices of the H Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the period commencing six (6) months preceding the commencement of the Offer Period and ending on the Latest Practicable Date; (ii) the Last Trading Date; (iii) 15 June 2020, being the last business day immediately preceding the date of Rule 3.5 Announcement; and (iv) the Latest Practicable Date.

Date	Closing price per H Share (HK\$)
31 December 2019	0.85
31 January 2020	0.79
28 February 2020	0.77
31 March 2020	0.67
29 April 2020	0.73
29 May 2020	0.70
12 June 2020, being the Last Trading Date	0.88
15 June 2020, being the last business day immediately preceding the date of Rule 3.5 Announcement	0.91
30 June 2020	1.34
31 July 2020	1.33
14 August 2020 (being the Latest Practicable Date)	1.30

During the Disclosure Period, the highest and lowest closing prices per H Share recorded on the Stock Exchange were HK\$1.35 on 23 June 2020 and 24 June 2020 and HK\$0.66 on 16 March 2020, respectively.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of the Offeror in the Company

As at the Latest Practicable Date, the Offeror is held as to 70.5% by Mr. Chen, who is an executive Director, the ultimate controlling shareholder, the chairman and the founder of the Company, and 29.5% by Ms. Wang Rong, the spouse of Mr. Chen. As at the Latest Practicable Date, the directors of the Offeror are Mr. Chen, Ms. Wang Rong and Ms. Chen Xi.

As at the Latest Practicable Date, the Offeror is the registered and beneficial owner of 878,552,400 Domestic Shares, representing 71.25% of the total issued Shares and 95.00% of the total issued Domestic Shares. Mr. Chen owns the entire issued share capital of SZ Haoxuntong, which is a concert party of the Offeror. SZ Haoxuntong is the registered and beneficial owner of 46,239,600 Domestic Shares, representing 3.75% of the total issued Shares and 5.00% of the total issued Domestic Shares. The Offeror and parties acting in concert with it own 924,792,000 Domestic Shares, representing the 75.00% of the total issued Shares and the entire issued Domestic Shares.

#### (b) Interests discloseable under Schedule I to the Takeovers Code

Save as disclosed above, as at the Latest Practicable Date,

- (i) save for the existing shareholding of the Offeror and parties action in concert with it as set out in paragraph 3(a) of this Appendix V, none of the Offeror, the directors of the Offeror and parties acting in concert with the Offeror owned or had control or direction over any interests in the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) no one who owned or controlled shares, convertible securities, warrants, options or derivatives in respect of the shares of the Company had irrevocably committed to vote in favour of or against the resolutions at the H Share Class Meeting and/or at the Extraordinary General Meeting, or to accept or reject the H Share Offer;
- (iii) save for the H Share Offer, no person had any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any of its concert parties during the period commencing from the date of the Rule 3.5 Announcement and ending on the Latest Practicable Date;
- (iv) neither the Offeror nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22) in the Company, save for any borrowed shares which have been either on-lent or sold; and

- (v) none of the Offeror, the directors of the Offeror or any parties acting in concert with any of them had dealt for value in any shares of the Company, or any convertible securities, warrants, options or derivatives in respect of the shares of the Company during the Disclosure Period.

**(c) Other interests**

As at the Latest Practicable Date,

- (i) save for the H Share Offer, there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the H Shares to be purchased by the Offeror or any of its wholly-owned subsidiaries upon completion of the H Share Offer;
- (ii) the Offeror had no intention to transfer, charge or pledge any securities in the Company pursuant to the H Share Offer to any other person, or has no agreement, arrangement or understanding with any third party to do so;
- (iii) save for the H Share Offer, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the H Share Offer;
- (iv) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or, a condition to the H Share Offer and the consequence of its doing so;
- (v) neither the Offeror nor parties acting in concert with it has entered into any outstanding derivative in respect of securities in the Company;
- (vi) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the H Share Offer;
- (vii) save for the consideration in respect of acceptance of the H Share Offer, there is no other consideration, compensation or benefits in whatever form provided (or to be provided) by the Company or parties acting in concert with it to the Independent H Shareholders and parties acting in concert with them; and
- (viii) there is no understanding, arrangement or agreement which constitutes a special deal between:
  - the Offeror or parties acting in concert with it on one hand and the Independent H Shareholders and parties acting concert with them on the other hand; and

- any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand.

#### 4. PROFESSIONAL ADVISERS AND CONSENT

ICBCI has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter and the references to its name and letter in the form and context in which they are included.

#### 5. MISCELLANEOUS

- (1) The principal members of the concert group of the Offeror are the Offeror, SZ Haoxuntong and Mr. Chen.
- (2) The registered office of the Offeror is B1, 20/F, EVOC Technology Building, No. 31 Gaoxinzhongsi Road, Nanshan District, Shenzhen, PRC.
- (3) The directors of the Offeror are Mr. Chen, Ms. Wang Rong and Ms. Chen Xi and ultimate controlling shareholder of the Offeror is Mr. Chen.
- (4) The director of SZ Haoxuntong is Mr. Chen and the ultimate controlling shareholder of SZ Haoxuntong is Mr. Chen.
- (5) The registered office of ICBCI is 37/F ICBC Tower, 3 Garden Road, Hong Kong.
- (6) The English text of this Composite Document, the Form of Acceptance and the forms of proxy shall prevail over the Chinese text.

#### 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (1) on the website of the Company at [www.evoc.com](http://www.evoc.com); (2) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk); and (3) at Room 1619, 16/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) from the date of the Composite Document onwards for so long as the H Share Offer remains open for acceptance:

- (1) the Articles of the Offeror;
- (2) the “Letter from ICBCI”, the text of which is set out from pages 10 to 20 of this Composite Document; and
- (3) the written consent of ICBCI referred to in the paragraph headed “4. Professional Advisers and Consent” in this Appendix V of this Composite Document.



## 研祥智能科技股份有限公司

### EVOC Intelligent Technology Company Limited\*

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

**(Stock Code: 2308)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**Notice is hereby given** that the Extraordinary General Meeting (the “EGM”) of 研祥智能科技股份有限公司 (EVOC Intelligent Technology Company Limited\*) (the “**Company**”) will be held at the 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong at 9:30 a.m. on Tuesday, 15 September 2020 for the purpose of considering and, if thought fit, passing the following resolution by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy at the EGM, and with the number of votes cast by poll against the resolution at the EGM by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders.

Capitalised terms defined in the composite document dated 19 August 2020 jointly issued by 研祥高科技控股集團有限公司 (EVOC Hi-Tech Holding Group Co., Ltd\*) and the Company shall have the same meanings when used herein unless otherwise specified.

#### **SPECIAL RESOLUTION:**

**THAT** subject to the passing of this same resolution by the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the H Share Class Meeting and with the number of votes cast by poll against the resolution by the Independent H Shareholders at the H Share Class Meeting amounting to not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders:

- (a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and

\* *for identification purposes only*

- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
- (i) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;
  - (ii) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to Shareholders and other documentation regarding the Delisting and making appropriate disclosure;
  - (iii) signing and submitting any report or document to any regulatory authorities;
  - (iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
  - (v) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

By order of the Board  
**EVOC Intelligent Technology Company Limited\***  
**Chen Zhi Lie**  
*Chairman*

Shenzhen, People's Republic of China, 19 August 2020

*As at the date of this notice, the executive Directors of the Company are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Geng Wen Qiang; the independent non-executive Directors of the Company are Mr. Michael Yu Tat Chi, Mr. Ling Chun Kwok, Ms. Wu Yan Nan and Mr. Zhang Da Ming.*

*Notes:*

1. In order to determine the shareholders of H shares who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 10 September 2020 to Tuesday, 15 September 2020, both days inclusive, during which period no transfer of the Company's shares will be registered. To be eligible to attend and vote at the EGM, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 9 September 2020. Shareholders whose names are recorded in the register of members of the Company on Thursday, 10 September 2020 are entitled to attend the EGM.

2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the EGM on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong within 24 hours prior to the holding of the EGM. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board of directors or other governing bodies may attend the EGM on behalf of the appointer.
6. The Company has the right to request a proxy who attends the EGM on behalf of a shareholder to provide proof of identity.

\* *for identification purposes only*





## 研祥智能科技股份有限公司

### EVOC Intelligent Technology Company Limited\*

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

(Stock Code: 2308)

#### NOTICE OF H SHARE CLASS MEETING

**Notice is hereby given** that the H Share Class Meeting (the “**H Share Class Meeting**”) of 研祥智能科技股份有限公司 (EVOC Intelligent Technology Company Limited\*) (the “**Company**”) will be held at the 24th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong at 10:00 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting which will be held at the same place and on the same date) on Tuesday, 15 September 2020 for the purpose of considering and, if thought fit, passing the following resolution by at least 75% of the votes attaching to the H Shares of the Company held by the Independent H Shareholders of the Company that are cast by poll either in person or by proxy at the H Share Class Meeting, and with the number of votes cast by poll against the resolution at the H Share Class Meeting by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the H Shares of the Company held by the Independent H Shareholders of the Company.

Capitalised terms defined in the composite document dated 19 August 2020 jointly issued by 研祥高科技控股集團有限公司 (EVOC Hi-Tech Holding Group Co., Ltd\*) and the Company shall have the same meanings when used herein unless otherwise specified.

#### SPECIAL RESOLUTION:

**THAT** subject to the passing of this same resolution by the Independent H Shareholders at the Extraordinary General Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the Extraordinary General Meeting and with the number of votes cast by poll against the resolution at the Extraordinary General Meeting by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders:

- (a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and

\* for identification purposes only

- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
- (i) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;
  - (ii) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to shareholders and other documentation regarding the Delisting and making appropriate disclosure;
  - (iii) signing and submitting any report or document to any regulatory authorities;
  - (iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
  - (v) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

By order of the Board  
**EVOC Intelligent Technology Company Limited\***  
**Chen Zhi Lie**  
*Chairman*

Shenzhen, People's Republic of China, 19 August 2020

*As at the date of this notice, the executive Directors of the Company are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Geng Wen Qiang; the independent non-executive Directors of the Company are Mr. Michael Yu Tat Chi, Mr. Ling Chun Kwok, Ms. Wu Yan Nan and Mr. Zhang Da Ming.*

*Notes:*

1. In order to determine the shareholders of H shares who will be entitled to attend and vote at the H Share Class Meeting, the register of members of the Company will be closed from Thursday, 10 September 2020 to Tuesday, 15 September 2020, both days inclusive, during which period no transfer of the Company's shares will be registered. To be eligible to attend and vote at the H Share Class Meeting, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 9 September 2020. Shareholders whose names are recorded in the register of members of the Company on Thursday, 10 September 2020 are entitled to attend the H Share Class Meeting.

2. A shareholder entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the H Share Class Meeting on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong within 24 hours prior to the holding of the H Share Class Meeting. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board of directors or other governing bodies may attend the H Share Class Meeting on behalf of the appointer.
6. The Company has the right to request a proxy who attends the H Share Class Meeting on behalf of a shareholder to provide proof of identity.

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