

30 September 2022

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF  
THE COMPANY BY THE OFFEROR BY  
WAY OF MERGER BY ABSORPTION**

**1. INTRODUCTION**

On 8 August 2022, the Offeror and the Company published the Joint Announcement to announce that they have entered into the Merger Agreement in respect of the Merger subject to the terms and conditions of the Merger Agreement, including the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

## 2. PROPOSED MERGER

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Conditions set out in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below, the Offeror will pay the Cancellation Price in the amount of:

- (a) HK\$1.75 per H Share to the H Shareholders in cash to cancel the H Shares held by the H Shareholders; and
- (b) RMB1.5091475 per Domestic Share, which is equivalent of the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders (namely (i) EVOC Hi-Tech (equity interests of which are owned as to 70.5% by Mr. Chen and 29.5% by Mrs. Chen); and (ii) Shenzhen Haoxuntong (equity interests of which are owned as to 100% by Mr. Chen), which in aggregate held all the Domestic Shares in issue and all being parties acting in concert with the Offeror as at the Latest Practicable Date), which will be satisfied through the issuance of registered capital of the Offeror to the Domestic Shareholders, in accordance with the description under the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below.

On the basis of (i) the Cancellation Price of HK\$1.75 per H Share; (ii) 308,352,000 H Shares in issue as at the Latest Practicable Date; and (iii) assuming there is no change in the number of H Shares and Domestic Shares in issue from the Latest Practicable Date up to the satisfaction (or waiver, if applicable) of the Conditions, the amount of aggregate Cancellation Price required to be paid in cash by the Offeror to cancel the H Shares held by H Shareholders is HK\$539,616,000.00.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

## 3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement include:

- |                               |  |
|-------------------------------|--|
| <b>Parties</b>                | (1) The Offeror (the equity interests of which is held as to 99% by EVOC Hi-Tech and as to 1% by Mr. Chen); and<br><br>(2) The Company.  |
| <b>Overview of the Merger</b> | Subject to the terms and conditions of the Merger Agreement, which will involve the cancellation of all the Shares of the Company and the subsequent absorption of the Company by the Offeror, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption. |

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

### **Consideration**

Pursuant to the Merger Agreement, conditional upon, the fulfilment (or waiver, as applicable) of the Conditions to Effectiveness and the Conditions to Implementation set out in the paragraphs headed “*Conditions to Effectiveness*” and “*Conditions to Implementation*” below, the Offeror will pay the Cancellation Price in the amount of (a) HK\$1.75 per H Share to the H Shareholders in cash to cancel the H Shares held by the H Shareholders and (b) RMB1.5091475 per Domestic Share, which is equivalent of the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders (namely (i) EVOC Hi-Tech (equity interests of which are owned as to 70.5% by Mr. Chen and 29.5% by Mrs. Chen); and (ii) Shenzhen Haoxuntong (equity interests of which are owned as to 100% by Mr. Chen), which in aggregate held all the Domestic Shares in issue and all being parties acting in concert with the Offeror as at the Latest Practicable Date), which will be satisfied through the issuance to the Domestic Shareholders RMB1.5091475 registered capital of the Offeror for each Domestic Share (equivalent to the amount of Cancellation Price per Domestic Share). The total amount of the consideration to be paid to the Domestic Shareholders shall be calculated by multiplying the aforementioned cancellation price per Domestic Share by the number of Domestic Shares held by the Domestic Shareholders, and rounded down to two decimal places. Hence, RMB1,325,865,158.00 and RMB69,782,376.00 registered capital of the Offeror will be issued to EVOC Hi-Tech and Shenzhen Haoxuntong respectively. The Offeror and the Domestic Shareholders, being EVOC Hi-Tech and Shenzhen Haoxuntong, have entered into the Capital Increase Agreement to effect and complete the said issuance of registered capital of the Offeror to the Domestic Shareholders for satisfaction of the consideration for cancellation of the Domestic Shares. Upon completion of issuance of registered capital pursuant to the Capital Increase Agreement, the registered capital of the Offeror will be held as to 95.2674% by EVOC Hi-Tech, 4.6657% by Shenzhen Haoxuntong, and 0.0669% by Mr. Chen.

**Conditions to Effectiveness**

The Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the “**Conditions to Effectiveness**”):

- (1) the passing of special resolution(s) by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger under the Merger Agreement in accordance with the Articles and the PRC Laws; and
- (2) the passing of special resolution(s) by way of poll approving the Merger under the Merger Agreement at the H Shareholders’ Class Meeting to be convened for this purpose, provided that:
  - (a) 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
  - (b) the number of votes cast against the resolution(s) is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

If the above Conditions to Effectiveness are not satisfied by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed “*Termination*” in this section.

**Conditions to Implementation**

After the Merger Agreement becomes effective upon satisfaction of all the Conditions to Effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied or waived, as applicable (the “**Conditions to Implementation**”):

- (1) there being no error or omission of the representations and warranties given by the Offeror in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger. The Offeror shall comply with its undertakings under the Merger Agreement in all material respects and there being no breach of such undertakings which has a material impact on the Merger;

- (2) there being no error or omission of the representations and warranties given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger. The Company shall comply with its undertakings under the Merger Agreement in all material respects and there being no breach of such undertakings which has a material impact on the Merger; and
- (3) there being no law, restriction or prohibition of any governmental authority, or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or terminates the Merger, and all the required approval, filing or report (as applicable) having been obtained or completed. As at the Latest Practicable Date, there are no outstanding approval, filing or report required to be obtained or completed.

The Company shall be entitled to waive Condition to Implementation (1) above and the Offeror shall be entitled to waive Condition to Implementation (2) above. Condition to Implementation (3) above is not capable of being waived. If the above Conditions to Implementation are not satisfied or if applicable, waived, by the Long-stop Date, the Merger Agreement will be automatically terminated.

As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived.

**Payment of  
consideration**

After fulfilment (or waiver, if applicable) of all the Conditions (being the Conditions to Effectiveness and the Conditions to Implementation), the Offeror shall as soon as possible and in any event within seven (7) Business Days on the same date, (a) pay the Cancellation Price to all H Shareholders and (b) satisfy the Cancellation Price for the Domestic Shares through issuance of the registered capital of the Offeror to all Domestic Shareholders.

Subject to the satisfaction of all the Conditions to Implementation, and after payment of consideration is made to the H Shareholders and the relevant registered capital of the Offeror is issued to the Domestic Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled with effect from the Delisting Date. The share certificates for such H Shares and Domestic Shares will cease to have effect as documents or evidence of title.

Payment of consideration to the H Shareholders is deemed to be completed once the Offeror or any entity designated by it has despatched to the H Shareholders the cheques for such consideration, while payment of consideration to the Domestic Shareholders is deemed to be completed once the Offeror has delivered to EVOC Hi-Tech and Shenzhen Haoxuntong the Offeror's register of members and certification of capital contribution affixed with the Offeror's official seal reflecting the Offeror's shareholding structure after the issuance of the registered capital of the Offeror to EVOC Hi-Tech and Shenzhen Haoxuntong in accordance with the Merger Agreement.

**The Company's  
Undertakings**

Unless with the prior written consent of the Offeror, the Company shall not issue any Shares, conduct any major acquisitions or disposals which may constitute a discloseable transaction under Chapter 14 of the Listing Rules or declare, make or pay any dividend or other distribution (whether in cash or in kind) to the Shareholders from the date of the Merger Agreement to the date of termination of the Merger Agreement or the Delisting Date (whichever is earlier).

As at the Latest Practicable Date, the Company has no outstanding dividend that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution between the Latest Practicable Date up to the date on which all of the Conditions are satisfied or waived (as applicable), or the date on which the Merger is not approved or otherwise lapsed (as the case may be).

**Right of a Dissenting  
Shareholder**

According to the Articles, any Dissenting Shareholder may by written notice request the Company and/or other Consenting Shareholders to acquire its Shares at a "fair price".

If any Dissenting Shareholder exercises its right, the Offeror will, if so requested by the Company and/or the Consenting Shareholders, assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by that Dissenting Shareholder at a "fair price".

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders' Class Meeting;
- (2) such Dissenting Shareholder having been validly registered as a shareholder on the share register of the Company since the record date for the EGM and (if applicable) the H Shareholders' Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

A Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Shareholder has undertaken to the Company to waive its right;
- (2) such Shareholder is prohibited from exercising its right in accordance with applicable laws; and
- (3) any Share held by such Shareholder is subject to a pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval from the relevant pledgee, third party or competent authority.

There is no applicable PRC law or guidance with respect to how the "fair price" will be determined from the PRC law perspective. Under the Articles, whenever any disputes or claims arise between the H Shareholders and the Company, the H Shareholders and the Company's directors, supervisors, general manager or other senior management officers, or the H Shareholders, the Domestic Shareholders, in respect of any rights or obligations arising from the Articles, the PRC Company Law or any rights or obligations conferred or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

## **Termination**

The Merger Agreement may be terminated in any of the following circumstances:

- (1) by either the Offeror or the Company, if:
  - (i) any competent governmental authority issues any order, decree, ruling or take any other actions which permanently restricts, impedes or otherwise prohibits the Merger and which is final and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action prior to exercising any right of termination); or
  - (ii) the Conditions to Effectiveness not having been satisfied on or before the Long-stop Date;
- (2) by the Offeror, if the Company commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement, which has a material adverse impact on the Merger and such breach is not remedied by the Company within 30 days following written notice from the Offeror to the Company; or
- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement, which has a material adverse impact on the Merger and such breach is not remedied by the Offeror within 30 days following written notice from the Company to the Offeror.

Conditional upon the fulfilment (or waiver, as applicable) of the Conditions to Effectiveness and the Conditions to Implementation set out in the paragraphs headed “*Conditions to Effectiveness*” and “*Conditions to Implementation*” above, the Merger will be implemented. Upon completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror and the Company may only invoke any or all of the Conditions to Implementation (1) to (3) set out in the paragraph headed “*Conditions to Implementation*” in this section or terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” in this section as a basis



for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to the Offeror in the context of the Merger.

#### **4. CANCELLATION PRICE**

##### **(1) Comparisons of value**

The Cancellation Price of HK\$1.75 per H Share represents:

- (a) a premium of approximately 15.13% over the closing price per H Share of HK\$1.52 on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 42.28% over the average closing price of HK\$1.23 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date;
- (c) a premium of approximately 44.63% over the average closing price of HK\$1.21 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 44.63% over the average closing price of HK\$1.21 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 50.86% over the average closing price of HK\$1.16 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the sixty consecutive trading days immediately prior to and including the Last Trading Date;
- (f) a premium of approximately 52.17% over the average closing price of HK\$1.15 per H Share based on the average closing price of H Shares on the Stock Exchange for the ninety consecutive trading days immediately prior to and including the Last Trading Date;
- (g) a premium of approximately 5.42% over the closing price per H Share of HK\$1.66 on the Stock Exchange on the Latest Practicable Date;
- (h) a discount of approximately 40.88% to the Group's audited net asset value attributable to the Shareholders per Share of approximately HK\$2.96 as at 31 December 2021, based on the exchange rate of HK\$1 : RMB0.81760, being the median exchange rate on 31 December 2021 as announced by the People's Bank of China;

- (i) a discount of approximately 38.38% to the Group's unaudited net asset value attributable to the Shareholders per Share of approximately HK\$2.84 as at 30 June 2022, based on the exchange rate of HK\$1:RMB0.85519, being the median exchange rate on 30 June 2022 as announced by the People's Bank of China; and
- (j) a discount of approximately 55.41% to the Group's net asset value as adjusted by the valuation report set out in Appendix II attributable to the Shareholders per Share of approximately HK\$3.92 as at 31 July 2022, based on the exchange rate of HK\$1: RMB0.85948 as at 1 August 2022 as per the State Administration of Foreign Exchange website (<https://www.safe.gov.cn/>) (The exchange rate of RMB to HK\$ as at 31 July 2022 is not available on the said website and therefore the exchange rate of the closest date on 1 August 2022 is applied). The calculation of the adjusted net asset value of the Group is set out under the section headed "6. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" under Appendix I. The above-mentioned adjustment is due to revaluation of properties as a result of the valuation report set out in Appendix II. Such revaluation has not been realized as at the Latest Practicable Date. Shareholders and potential investors in the securities of the Company should be aware that it takes time to identify and negotiate with suitable buyers before it may proceed to sell and realise the value of the properties, and therefore the valuation of properties might be impacted during such time. Shareholders and potential investors in the securities of the Company should consider the above factors in assessing their voting/investment decision.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the following:

- (i) the historical and prevailing prices of the Shares traded on the Stock Exchange; and
- (ii) other privatisation transactions in Hong Kong in recent years.

Based on the above, the Board (other than members of the Independent Board Committee, whose views are given in the section headed "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" of this document) is of the view that the terms of the Merger Agreement, including the Cancellation Price, and the proposed Merger are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

**The Offeror will not increase the Cancellation Price as set out above, and the Offeror does not reserve the right to do so.**

## **(2) Funding for the Merger**

On the basis of (i) the Cancellation Price of HK\$1.75 per H Share; (ii) 308,352,000 H Shares in issue as at the Latest Practicable Date; and (iii) assuming there is no change in the number of H Shares in issue from the Latest Practicable Date up to the satisfaction (or waiver, if applicable) of the Conditions, the amount of aggregate Cancellation Price required to be paid in cash by the Offeror to cancel the H Shares held by H Shareholders is HK\$539,616,000.00.

The payment of the total consideration for cancellation of the H Shares will be financed by internal resources of the Offeror and intra-group borrowings from EVOC Hi-Tech. EVOC Smart, a wholly-owned subsidiary of the Offeror, as the Offeror's payment agent, has undertaken to pay the total consideration for the cancellation of the H Shares for and on behalf of the Offeror.

The Offeror has appointed CICC as its financial adviser in connection with the Merger. CICC, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror's obligations in respect of the full implementation of the Merger (excluding all the Cancellation Price payable to the Domestic Shareholders which is to be satisfied through the issuance of the registered capital of the Offeror to the Domestic Shareholders).

In consideration of the cancellation of 878,552,400 Domestic Shares held directly by EVOC Hi-Tech and 46,239,600 Domestic Shares held directly by Shenzhen Haoxuntong, the registered capital of the Offeror will be issued to these Domestic Shareholders in the manner as described under the subsection "Payment of consideration" of the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT" in this letter.

## **5. REASONS AND BENEFITS OF THE MERGER**

The reasons and benefits of the Merger include:

### **(1) For H Shareholders: an attractive opportunity to realise their investment in the Company at a compelling premium amidst a challenging environment**

*Excellent opportunity to realise investment at compelling premium in an illiquid market*

Transaction liquidity of the H Shares has been low for an extended period of time. The average daily turnover of the H Shares for the following periods up to and including the Last Trading Date were as follows:

- (i) the period of three months up to and including the Last Trading Date, 380,258 shares, representing only approximately 0.12% of the total issued H Shares on the Last Trading Date;

- (ii) the period of twelve months up to and including the Last Trading Date, 333,228 shares, representing only approximately 0.11% of the total issued H Shares on the Last Trading Date; and
- (iii) the period of twenty-four months up to and including the Last Trading Date, 1,439,658 shares, representing only approximately 0.47% of the total issued H Shares on the Last Trading Date.

The low trading volume of the Shares makes it difficult for the H Shareholders to execute substantial sales of the H Shares on-market without adversely affecting the price of the H Shares.

Besides, the Company has been operating in a very challenging environment, which may also affect the Company's financial performance. The revenue and profit attributable to owners of the Company for the first half of 2022 has dropped 9.6% and 40.4% respectively compared with the same period of 2021. The share price of the Company may be subject to further pressure due to the uncertainty of the Company's future financial performance under the current challenging economic environment.

**(2) For the Company: The Company has lost the advantage of a listing platform**

***Limited equity fundraising options***

Since the listing of the H Shares on the Stock Exchange, the Company has not raised any funds through equity issuance as it has been subject to various restrictions in utilising its equity fundraising options. For instance, any issue of H Shares by the Company would require approval from the relevant authorities in the PRC. In addition, given that the Company is subject to the public float requirement under the Listing Rules, the Company is also restrained from enlarging its share capital through further issuance of the Domestic Shares. Furthermore, as the Company's H Shares have been trading at a relatively low-price range with sluggish trading volume for most of the time, its ability to raise funds from the equity market is significantly limited.

***Low cost-efficiency in maintaining the listing status of the Company***

The H Shares have been trading at a significant discount as compared to the Group's book value over the past one year, with price to book ratios ranging from 0.33 to 0.51 during that period. The relatively low trading price range as compared to the Group's book value and sluggish trading volumes abovementioned significantly limit the Company's ability to raise funds from the equity market. At the same time, the cost of maintaining the Company's listing status (including those associated with regulatory compliance, disclosure and publication of financial statements) had been on the rise, defeating the original purpose for listing. After the privatization, the H Shares will be delisted from the Stock Exchange, which may benefit the Company from savings in costs related to the compliance and maintenance of the listing status of the Company.

The Company's management will also be able to reallocate resources originally applied towards the Company's administration, compliance and other matters relating to its listing status towards the Group's business operations.

***More flexibility to formulate long-term strategic directions after the delisting of the H Shares***

As a result of the ongoing COVID-19 pandemic and the tight supply in the raw material market, China and global economy have not yet returned to normal levels. Moreover, due to the shortage of semiconductor devices across the globe, the delivery of materials was delayed or even suspended and their supply prices increased significantly, thereby increasing the product costs. Furthermore, the trade and diplomatic conflicts between China and the U.S. in 2021 intensified the risks of the availability and the increase in price of imported raw materials for special computers.

Generally, the spread of pandemic and the weakened international trade increased uncertainties over the domestic and overseas sales of special computer products.

In view of the above, the Company is facing major challenges with greater uncertainties in future operations. In order to maintain core competitiveness, the Company needs to unify and sort out its strategy and business direction, exploring new development opportunities and long-term growth strategies, which may cause uncertainty in the Company's financial performance in the short term, thereby causing losses to H Shareholders. After the completion of the Merger, the Company can formulate long-term strategies with more flexibility and avoid the pressure from market expectations and stock price fluctuation risks as a listed company.

**It is expected that after the delisting of the H Shares and completion of deregistration of the Company, the Offeror does not intend to seek for listing of its shares or its subsidiaries on any other stock exchanges (including the stock exchanges in the PRC).**

The Board (other than the members of the Independent Board Committee, whose views are given in the section headed "*LETTER FROM THE INDEPENDENT BOARD COMMITTEE*" of this document) is of the view that the terms of the Merger Agreement, including the Cancellation Price, and the proposed Merger are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## 6. FUTURE INTENTION OF THE OFFEROR

After the Merger, the Company will merge into the Offeror, with the Offeror as the surviving entity, and will cease to exist as a separate legal entity. It is the intention of the Offeror that it will continue to carry on its current business as stated in the paragraph headed “Information on the Offeror” in the section headed “7. INFORMATION OF THE OFFEROR AND THE COMPANY” below.

In view of the Merger, the Offeror will review the holding structure of certain business, assets, properties and operation units within the Group, and may implement changes to be determined with reference to such review to be conducted after the delisting of the Company’s H Shares which the Offeror deems necessary, appropriate or convenient, which may include redeployment of fixed assets of the Group, such as the reallocation of fixed assets from the Offeror to the operating subsidiaries of the Group after completion of the Merger. As at the Latest Practicable Date, the Offeror has not formulated any concrete plans for redeployment of fixed assets of the Group.

The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group. Following completion of the Merger, the employment contracts of all employees of the Company will continue with the Offeror as the surviving entity. The Board is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

## 7. INFORMATION ON THE OFFEROR AND THE COMPANY

### (1) Information on the Offeror

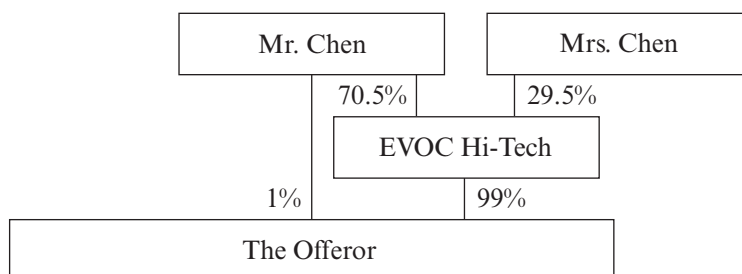
The Offeror is a joint stock company incorporated in the PRC with limited liability on 24 November 2021. The Offeror is owned as to 99% by EVOC Hi-Tech (equity interests of which are owned as to 70.5% by Mr. Chen and 29.5% by Mrs. Chen) and as to 1% by Mr. Chen.

The Offeror is incorporated in the PRC by EVOC Hi-Tech and Mr. Chen for the purpose of the Merger. The business scope of the Offeror as set out in the business registration certificate includes, *inter alia*, the sales of industrial control and computing system, software, computing accessories, provision of computing system service, sales of internet equipment and electronic equipment.

As at the Latest Practicable Date, the shareholding in the Offeror are as follows:

Name of Shareholders	Subscribed Capital Contribution (RMB)	Approximate Percentage in total issued share capital
Mr. Chen	1,000,000	1%
EVOC Hi-Tech	99,000,000	99%

Set out below is the shareholding structure of the Offeror as at the Latest Practicable Date:



## (2) Information on the Company

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 of the Stock Exchange from October 2003, and which have since July 2010 been listed on the Main Board of the Stock Exchange 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.

Set out below is the financial information of the Group as extracted from the audited annual report of the Company for the years ended 31 December 2019, 2020 and 2021 and the interim report of the Company for the six months ended 30 June 2022 prepared in accordance with Hong Kong Financial Reporting Standards.

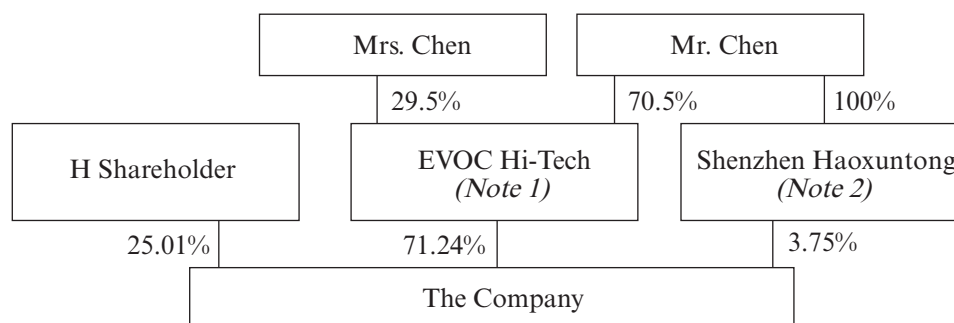
	<b>For the six months ended 30 June 2022 (RMB'000) (unaudited)</b>	<b>For the year ended 31 December 2021 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2020 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2019 (RMB'000) (audited)</b>
Total assets	7,989,688	8,364,396	8,181,014	7,188,888
Revenue	326,356	1,296,192	1,544,536	1,688,153
Profit for the period	5,562	166,180	210,538	263,154

As at the Latest Practicable Date, the relevant securities of the Company in issue are 1,233,144,000 Shares, which comprise 308,352,000 H Shares and 924,792,000 Domestic Shares.

As at the Latest Practicable Date, the shareholding in the Company are as follows:

Name of Shareholders	Number of Shares held	Approximate Percentage in total issued share capital
<b>Domestic Shares</b>		
Offeror and parties acting in concert with it	—	—
EVOC Hi-Tech ( <i>Note 1</i> )	878,552,400	71.24%
Shenzhen Haoxuntong ( <i>Note 2</i> )	46,239,600	3.75%
<b>Sub-total:</b>	<b>924,792,000</b>	<b>74.99%</b>
<b>H Shares</b>		
Public Shareholders (i.e. Independent H Shareholders)	308,352,000	25.01%
<b>Total number of issued Shares</b>	<b>1,233,144,000</b>	<b>100.00%</b>

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:



*Notes:*

- (1) Mr. Chen is the beneficial owner of 70.5% interests in EVOC Hi-Tech and is deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech 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. Mrs. Chen is the beneficial owner of 29.5% interests in EVOC Hi-Tech. As Mrs. Chen is spouse of Mr. Chen, she is also deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech pursuant to Part XV of the SFO.
- (2) Shenzhen Haoxuntong is wholly-owned by Mr. Chen, and by virtue of Mr. Chen being the sole shareholder of the entire equity interests in Shenzhen Haoxuntong, Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong in the Company pursuant to Part XV of the SFO.



- (3) The Shares held by EVOC Hi-Tech and Shenzhen Haoxuntong are Domestic Shares.
- (4) The percentages in the diagram above are expressed as percentages of the total issued Shares of the Company.
- (5) CICC is the financial adviser to the Offeror in respect of the Merger. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code, excluding the Shares held on behalf of non-discretionary investment clients (for the avoidance of doubt, members of the CICC group which are exempt principal trader(s) or exempt fund manager(s), in each case recognised by the Executive as such for the purposes of the Takeovers Code and connected for the sole reason that they are under the same control as CICC, are not considered to be acting in concert with the Offeror). As at the Latest Practicable Date, except for Shares held on behalf of non-discretionary investment clients and Shares held by member(s) of the CICC group acting in the capacity of exempt principal trader(s) and/or exempt fund manager(s), members of the CICC group did not own or control any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, nor were there any Shares (or convertible securities, warrants, options or derivatives in respect thereof) borrowed or lent, or dealt for value in, by any member of the CICC group during the Relevant Period. Notwithstanding the above, Shares held by any such exempt principal traders will not be voted at the EGM or the H Shareholders’ Class Meeting unless the Executive allows such Shares to be so voted.

The Executive may allow such voting if:

- (a) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients;
  - (b) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares;
  - (c) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and
  - (d) such non-discretionary client is not a concert party of the Offeror.
- (6) None of the Offeror, EVOC Hi-Tech, the subsidiaries of EVOC Hi-Tech, the directors of the Offeror, and the directors of EVOC Hi-Tech (each being a party acting in concert with the Offeror) had dealt for value in the Shares in the Relevant Period.

As at the Latest Practicable Date, the Offeror does not own any Share. Mr. Chen and Mrs. Chen, together with EVOC Hi-Tech and Shenzhen Haoxuntong all being parties acting in concert with the Offeror, are interested in 924,792,000 Domestic Shares, representing all of the Domestic Shares in issue and approximately 74.99% of the total issued Shares in the Company.

As at the Latest Practicable Date, save for the H Shares and the Domestic Shares, the Company does not have any outstanding options, warrants or convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

## **8. ARRANGEMENTS FOR IMPLEMENTATION OF THE MERGER AGREEMENT**

None of the Conditions to effectiveness and the Conditions to implementation has been fulfilled or waived as at the Latest Practicable Date.

The Merger shall be implemented in compliance with Rule 2.10 of the Takeovers Code and is governed by the Takeovers Code. Please refer to the section headed “10. EGM AND H SHAREHOLDERS’ CLASS MEETING” below for the required voting requirements imposed to the approval of the Merger. Upon satisfaction of all the Conditions to Effectiveness, the Company does not intend to retain its listing on the Stock Exchange and will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason. In such cases, no cancellation of the Shares will take place pursuant to the Merger Agreement and the Company’s public float would not be affected as a result of the Merger not being approved or otherwise lapses or does not become unconditional.

**The Shareholders are reminded that if the Merger is implemented and completed and the H Shares are delisted from the Stock Exchange, the Shares will cease to have effect and be cancelled and the Cancellation Price will be paid irrespective of their vote in respect of the Merger, and the Company will eventually be deregistered following completion of the applicable deregistration filing with SAIC.**

## **9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders’ Class Meeting.

The Independent Board Committee has appointed Sorrento Capital Limited as its Independent Financial Adviser to provide advice to the Independent Board Committee in respect of the Merger. For the opinions and advice of the Independent Financial Adviser, please refer to section headed “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” in this document.

## **10. EGM AND H SHAREHOLDERS' CLASS MEETING**

The Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders to consider and, if thought fit, approve matters including the Merger.

As the Merger constitutes a capital reorganisation to privatise the Company under Rule 2.10 of the Takeovers Code and the Takeovers Code is applicable to the Merger, in compliance with Rule 2.10 of the Takeovers Code, the Merger Agreement and the Merger are conditional on (i) the approval 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 Shareholders' Class Meeting; and (ii) the number of votes cast against the resolution at the H Shareholders' Class Meeting is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders.

The Independent H Shareholders who have been registered as holders of H Shares on the register of members of the Company kept by the registrar of H Shares, Tricor Abacus Limited, on Wednesday, 19 October 2022 will be entitled to attend the EGM and the H Shareholders' Class Meeting.

### **(1) Suspension of registration of Share transfers**

The register of members of the Company will be closed from Monday, 17 October 2022 to Wednesday, 19 October 2022, during which no registration of transfers of Shares will be processed. If applicable, the Shareholders and the H Shareholders intending to attend the EGM and the H Shareholders' Class Meeting respectively must lodge their respective transfer documents and relevant share certificates with (in respect of the H Shareholders) the Company's H Share Registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) or to the Company's correspondence address (in respect of Domestic Shareholders) at EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC no later than 4:30 p.m. on Friday, 14 October 2022.

### **(2) Proxy forms**

Whether or not you intend to attend the EGM or the H Shareholders' Class Meeting, you are strongly urged to complete and return the proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned as soon as possible (but in any event not less than 24 hours before the appointed time for holding the relevant meeting or any adjournment thereof). In the event that the relevant proxy form has been returned to the Company's H Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or the Company (as the case may be) after the abovementioned deadline (where applicable) it will be considered to be invalid and will not be taken into account. After completion and return of the proxy forms, you may still attend and vote at the relevant meetings should you so wish.

### **(3) Voting at the EGM and the H Shareholders' Class Meeting**

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions will be passed by way of poll at the EGM and the H Shareholders' Class Meeting.

The PRC Company Law does not require any Shareholders to abstain from voting in respect of the Merger at the EGM. As the Offeror and its concert parties do not hold any H Shares, they will not be eligible to vote at the H Shareholders' Class Meeting for the purpose of satisfying the requirements under Rule 2.10 of the Takeovers Code, as set out under paragraph (2) of the Conditions to Effectiveness in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT" in this document. There are no other restrictions imposed on any Independent H Shareholders to cast votes on the relevant resolutions at the H Shareholders' Class Meeting. No H Shareholders will be required to abstain from voting at the H Shareholders' Class Meeting.

## **11. TAXATION**

### **(1) Non-tax advice**

You should consult with your professional adviser to understand the possible tax implications of the Merger or the exercise of the Dissenting Shareholders' rights. None of the Company, the Offeror, CICC or Independent Financial Adviser, nor their respective directors or any person participating in the Merger, assume any liability in respect of any tax incurred or other implication of any exercise of the Dissenting Shareholders' rights.

### **(2) Hong Kong Stamp Duty**

As implementation of the Merger involves cancellation of the H Shares but not the sale and purchase of Hong Kong stock, and in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong.

For the Dissenting Shareholders who exercise their right to require acquisition of their H Shares, Hong Kong stamp duty is payable at the rate of 0.13% of the consideration by each of the seller and the buyer. The stamp duty payable by the seller will be deducted from the cash received by the relevant Dissenting Shareholders who exercise such right.

## **12. RECOMMENDATION OF THE BOARD**

The Board (other than members of the Independent Board Committee, whose views are given in the section headed “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” in this document) is of the view that the terms of the Merger Agreement, including the Cancellation Price, and the proposed Merger are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Having considered the terms of the Merger Agreement and taken into account the advice from the Independent Financial Adviser, the Independent Board Committee is of the view that the terms of the Merger Agreement and the proposed Merger are fair and reasonable so far as the Independent H Shareholders are concerned. Therefore, the Board recommends that the Shareholders vote in favour of the resolutions in relation to the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting.

## **13. OTHER INFORMATION**

Your attention is drawn to other information set out in the appendices to this document.

By Order of the Board  
**EVOC Intelligent Technology Company Limited\***

**Chen Zhi Lie**  
*Chairman and Executive Director*

By Order of the Board



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Chen Zhi Lie

**EVOC Intelligent Technology Company Limited**  
Chairman and Executive Director