

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Merger, this document or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this document and the accompanying forms of proxy to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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深圳市研祥智慧科技股份有限公司
Shenzhen EVOC Intelligence Technology
Company Limited*

(a joint stock 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)

(1) PROPOSED PRIVATISATION OF
THE COMPANY BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION
(2) PROPOSED WITHDRAWAL OF LISTING
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
(4) NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



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

A letter from the Board is set out on pages 15 to 35 of this document. A letter from the Independent Board Committee to the Independent H Shareholders is set out on pages 36 to 37 of this document. A letter from Sorrento Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 38 to 74 of this document.

The notices convening the EGM and the H Shareholders' Class Meeting to be held at 19/F, EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC on Wednesday, 19 October 2022 (i) in relation to the EGM, at 9:30 a.m., and (ii) in relation to the H Shareholders' Class Meeting, at 10:00 a.m., or immediately following the conclusion of the EGM or any adjournment thereof are contained in this document. Shareholders are advised to read the notices and to complete and return the enclosed forms of proxy for use at the EGM and the H Shareholders' Class Meeting in accordance with the instructions printed thereon. Whether or not you intend to attend the EGM and H Shareholders' Class Meeting, please complete and return the appropriate form of proxy in accordance with the instructions printed thereon as soon as possible, and in any event no less than 24 hours before the time appointed from the EGM and the H Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be).

Whether or not you are able to attend and vote at the EGM and H Shareholders' Class Meeting or any adjournment thereof in person, you are requested to complete and return the accompanying forms of proxy in accordance with the instructions printed thereon and return them to the H Share Registrar of the Company, Tricor Abacus Limited (for H Shareholders) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or to the Company's correspondence address at EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC (for holders of Domestic Shares), together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), as soon as possible and in any event not later than 24 hours before the time appointed for holding the EGM and the H Shareholders' Class Meeting or any adjournment thereof (as the case may be).

Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM, the H Shareholders' Class Meeting or any adjournment thereof should you so wish and in such event, the forms of proxy shall be deemed to be revoked.

This document is jointly issued by the Offeror and the Company.

PRECAUTIONARY MEASURES FOR THE EGM AND THE H SHAREHOLDERS' CLASS MEETING

Taking into account the recent development of the epidemic caused by the coronavirus disease (COVID-19), the Company will implement the following measures at the EGM and the H Shareholders' Class Meeting including:

- compulsory body temperature checks
- wearing of face masks throughout the EGM and the H Shareholders' Class Meeting
- no distribution of corporate gifts and refreshments
- seating at the EGM and the H Shareholders' Class Meeting will be arranged so as to allow for appropriate social distancing. The Company may limit the number of attendees at the EGM and the H Shareholders' Class Meeting as may be necessary

Any person who attend the EGM and the H Shareholders' Class Meeting on-site must pay attention in advance and comply with the applicable regulations and requirements in Shenzhen, PRC on health status declaration, quarantine and observation and the Company may implement additional measures according to the applicable regulations and requirements in Shenzhen, PRC on health status declaration, quarantine and observation.

Any person who does not comply with the precautionary measures will be denied entry into the venue of the EGM and the H Shareholders' Class Meeting.

Those being refused entry at the meeting venue would still be allowed to vote by submitting a voting slip to the scrutineer at the entrance of the venue.

* For identification purpose only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this document are to Hong Kong times and dates.

Latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting 4:30 p.m. on Friday, 14 October 2022

Closure of registers for transfers of Shares for determination of the Shareholders entitled to attend and vote at the EGM and the H Shareholders' Class Meeting Monday, 17 October 2022 to Wednesday, 19 October 2022 (both dates inclusive)

Latest time for lodging proxy forms in respect of the EGM 9:30 a.m. on Tuesday, 18 October 2022

Latest time for lodging proxy forms in respect of the H Shareholders' Class Meeting 10:00 a.m. on Tuesday, 18 October 2022

Record date for Shareholders for the EGM and the H Shareholders for the H Shareholders' Class Meeting Wednesday, 19 October 2022

EGM⁽¹⁾ 9:30 a.m. on Wednesday, 19 October 2022

H Shareholders' Class Meeting⁽¹⁾ 10:00 a.m. on Wednesday, 19 October 2022, or immediately following the conclusion of the EGM or any adjournment thereof on Wednesday, 19 October 2022

Announcement of the results of the EGM and the H Shareholders' Class Meeting and the satisfaction of all Conditions to Effectiveness⁽²⁾, last day for dealings in H Shares and expected date of withdrawal of listing of H Shares By 7:00 p.m. on Wednesday, 19 October 2022

Resumption of registers for transfer of Shares Thursday, 20 October 2022

EXPECTED TIMETABLE

Each of the Offeror and the Company notifies its creditors and makes a public announcement of the Merger pursuant to the PRC Company Law.	Within 10 days (for the notice to creditors) and 30 days (for the announcement) following the EGM and the H Shareholders' Class Meeting
Last day for dealings in H Shares.	Thursday, 20 October 2022
Latest time for lodging transfers of H Shares in order to be entitled to receive the Cancellation Price	4:30 p.m. on Tuesday, 25 October 2022
Closure of registers of members of the Company (until the Company's deregistration occurs)	From Wednesday, 26 October 2022 onward
Announcement that all the Conditions to Implementation are satisfied (or waived, as applicable) ⁽²⁾	by 8:30 a.m. on Thursday, 27 October 2022
Expected date and time of withdrawal of listing of H Shares	4:00 p.m. on Thursday, 27 October 2022
Latest date for payment of the Cancellation Price to the H Shareholders ⁽³⁾	Monday, 7 November 2022
End of the period during which creditors may request the Offeror and the Company to pay off their respective indebtedness or provide guarantees.	Within 30 days after the receipt of notice by creditors or within 45 days after the issue of announcement to creditors if the aforesaid notice has not been received by creditors

EXPECTED TIMETABLE

Notes:

- (1) The Conditions to Effectiveness shall be satisfied upon passing of the requisite resolutions at the EGM and the H Shareholders' Class meeting as set out in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT — Condition to Effectiveness" in the "LETTER FROM THE BOARD" of this document.
- (2) The Offeror and the Company will jointly publish announcement(s) when or as soon as reasonably practicable after all Conditions to Effectiveness have been satisfied and the Conditions to Implementation have been satisfied or waived, as appropriate.
- (3) Pursuant to the Merger Agreement, if any Dissenting Shareholder is to exercise its right to request the Company and/or other Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire its Shares at a "fair price" during the Declaration Period (the "Right"), the Dissenting Shareholder must refund the Cancellation Price (if received) to the Offeror in order to be entitled to exercise the Right, failing which the Dissenting Shareholder will be deemed to have waived, and will no longer be able to exercise the Right. The Offeror (if so elected by the Company and/or the Consenting Shareholders) will make the payment separately upon agreement on matters regarding the Right. For the avoidance of doubt, regardless of when the Dissenting Shareholder exercises the Right, the Dissenting Shareholder will be deemed to have ceased to have any right in respect of the Shares (other than the right to request for consideration pursuant to exercise of the Right) on the Delisting Date.

Shareholders and potential investors in the securities of the Company should be aware that the expected last day for dealings in H Shares will be Thursday, 20 October 2022. In order for the transferee to be entitled to receive the Cancellation Price, the transfer documents and the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 25 October 2022.

If the transfer documents and the relevant share certificates are not lodged with the Company's H Share Registrar by 4:30 p.m. on Tuesday, 25 October 2022 as set out above, the transferee will not be entitled to receive the Cancellation Price.

The Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions as set out in this document being satisfied or waived, as applicable, and neither the Offeror nor the Company provides any assurance that any or all of the Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. The Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this document following this disclaimer page and you are therefore advised to read this disclaimer page carefully before accessing, reading or making any other use of this document. In, and as a result of, accessing this document you agree, and you are deemed to agree, to be bound by the following terms and conditions.

NOTICE TO SHAREHOLDERS OUTSIDE OF HONG KONG

The making of the proposal of the Merger to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders wishing to accept the proposal to satisfy themselves as to the full observance of the laws 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 by the Overseas Shareholders in such jurisdiction.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The Merger will involve the cancellation of the securities of a joint stock limited company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Merger by a U.S. holder of Shares as consideration for the cancellation of its Shares pursuant to the Merger may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the implementation of the Merger.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

IMPORTANT NOTICE

In accordance with normal Hong Kong practice, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, before or during the Offer Period. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/> and the website of HKEXnews at <https://www.hkexnews.hk/>.

ACTIONS TO BE TAKEN

Whether or not they are able to attend the EGM or the H Shareholders' Class Meeting (where applicable) in person, the Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the EGM in accordance with the instructions printed thereon and the H Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the H Shareholders' Class Meeting in accordance with the instructions printed thereon as soon as possible, but in any case not later than the following respective times:

- (1) in the case of the form of proxy for use at the EGM, the Shareholders are requested to deposit such form of proxy no later than 9:30 a.m., on Tuesday, 18 October 2022 at the Company's registrar for H Shares (in respect of H Shareholders) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or to the Company's correspondence address (in respect of Domestic Shareholders) at EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC; and
- (2) in the case of the form of proxy for use at the H Shareholders' Class Meeting, the H Shareholders are requested to deposit such form of proxy no later than 10:00 a.m. on Tuesday, 18 October 2022 at the Company's registrar for H Shares at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

In the event that the relevant form of proxy has been returned to the Company's registrar for H Shares 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. The completion and return of a form of proxy for any of the meetings will not preclude you from attending and voting in person at the relevant meetings or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the meetings or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

The latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting is 4:30 p.m. on Friday, 14 October 2022. For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM and the H Shareholders to attend and vote at the H Shareholders' Class Meeting, the Company's registers of members will be closed from Monday, 17 October 2022 to Wednesday, 19 October 2022 (both dates inclusive). During such period, no transfer of Shares will be effected.

Only Shareholders whose names are on the Company's registers of members on Wednesday, 19 October 2022 are entitled to vote at the relevant meetings. Each Shareholder on the Company's registers of members on Wednesday, 19 October 2022 is entitled to cast one vote per Share in respect of the Merger at the EGM. Each Independent H Shareholder on the Company's registers of members on Wednesday, 19 October 2022 is entitled to cast one vote per H Share in respect of the Merger at the H Shareholders' Class Meeting.

ACTIONS TO BE TAKEN

An announcement will be made in relation to the result of EGM and the H Shareholders' Class Meeting. Further announcement(s) will be made as and when appropriate in respect of the satisfaction and/or waiver (if applicable) of the Conditions to Effectiveness and Conditions to Implementation.

ENQUIRY HOTLINE AND EMAIL:

If you have any queries of an administrative and procedural nature regarding the Merger, please reach out via the following ways:

By phone: +852 3953 7250

Working hours: Monday to Friday, 09:00–18:00 (Hong Kong time)

By email: advisory@evoc.cn

For the avoidance of doubt, the designated phone lines 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 Merger or (ii) give any financial or legal advice. If you are in doubt as to any aspect of this 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.

DEFINITIONS

In this document, the following expressions have the same meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Articles”	the articles of association of the Company (including the rules of procedures for Shareholders’ general meetings and the rules of procedures for Board meetings);
“associate(s)”	has the meaning ascribed to it under the Listing Rules or the Takeovers Code (as the case may be);
“Board”	the board of Directors;
“Business Day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Price”	The cancellation price of HK\$1.75 per H Share payable in cash by the Offeror to the H Shareholders and RMB1.5091475 per Domestic Share to the Domestic Shareholder, which will be satisfied through the issuance of registered capital of the Offeror to the Domestic Shareholder, in each case as described in the section headed “3. PRINCIPAL TERMS OF THE MERGER AGREEMENT” in the “LETTER FROM THE BOARD” in this document;
“Capital Increase Agreement”	the capital increase agreement entered into between the Offeror, EVOC Hi-Tech and Shenzhen Haoxuntong on 8 August 2022, pursuant to which the Offeror shall issue its registered capital to EVOC Hi-Tech and Shenzhen Haoxuntong in satisfaction of the consideration for the cancellation of the Domestic Shares held by EVOC Hi-Tech and Shenzhen Haoxuntong respectively;
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in respect of the Merger. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“CICC group”	CICC and persons controlling, controlled by or under the same control as CICC;
“Company”	EVOC Intelligent Technology Company Limited* (研祥智能科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2308);

DEFINITIONS

“Conditions”	collectively, the Conditions to Effectiveness and the Conditions to Implementation;
“Conditions to Effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in the “LETTER FROM THE BOARD” in this document;
“Conditions to Implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in the “LETTER FROM THE BOARD” in this document;
“Consenting Shareholders”	the Shareholders who have approved the Merger;
“Declaration Period”	a period commencing on the date on which the Merger is approved by the Shareholders and the H Shareholders at the EGM and the H Shareholders’ Class Meeting respectively and expiring on the fifth (5th) Business Day from (and including) the date on which the Merger is approved by the Shareholders and the H Shareholders at the EGM and the H Shareholders’ Class Meeting respectively, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange has been withdrawn;
“Director(s)”	the director(s) of the Company from time to time and the term “Director” shall be construed accordingly;
“Dissenting Shareholder”	a Shareholder who has validly voted against all the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting and has requested the Company or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire its Shares at a “fair price”;
“Domestic Share(s)”	the domestic shares of the Company, with a RMB denominated par value of RMB0.10 each, representing approximately 74.99% of the entire issued share capital of the Company as at the Latest Practicable Date;
“Domestic Shareholder(s)”	the holder(s) of the Domestic Shares;

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“EGM”	the extraordinary general meeting of the Company to be convened at 19/F, EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, the PRC at 9:30 a.m. on Wednesday, 19 October 2022, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“EVOC Hi-Tech”	EVOC Hi-Tech. Holding Group Co., Ltd., one of the Domestic Shareholders, which directly and beneficially owns 95% of the Domestic Shares in issue and approximately 71.24% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Chen owns 70.5% of the equity interests in EVOC Hi-Tech and Mrs. Chen owns 29.5% of the equity interests in EVOC Hi-Tech;
“EVOC Smart”	Hong Kong EVOC Smart Technology Company Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Offeror;
“Exchange Rate”	the exchange rate of HK\$1: RMB0.86237, which is the central parity rate of Hong Kong dollar to RMB as at the date of the Joint Announcement as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Exercise Date”	the date on which the Company and/or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) pays cash consideration to Dissenting Shareholders who exercised their right to request the Company or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire the Shares held and effectively declared by them at “fair price”, which will be decided and announced by the Company;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the ordinary shares issued by the Company, with a RMB denominated par value of RMB0.10 each, which are subscribed for and paid up in Hong Kong dollars and are listed and traded on the Main Board of the Stock Exchange, representing approximately 25.01% of the entire issued share capital of the Company as at the Latest Practicable Date;
“H Shareholder(s)”	the holder(s) of the H Shares;

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“H Shareholders’ Class Meeting”	the class meeting of the Company to be convened for H Shareholders at 19/F, EVOC Technology Building, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen, the PRC at 10:00 a.m. on Wednesday, 19 October 2022 or immediately following the conclusion of the EGM, or any adjournment thereof on Wednesday, 19 October 2022, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“H Share Registrar”	the Hong Kong H Share Registrar and Transfer Office of the Company, Tricor Abacus Limited;
“HK\$” or “Hong Kong dollar”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company established by the Company for the purposes of considering the Merger, which comprises all of the independent non-executive Directors, being Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong;
“Independent Financial Adviser”	Sorrento Capital Limited, the independent financial adviser appointed by the Company upon the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent H Shareholders in respect of, among other things, the Merger;
“Independent H Shareholders”	the H Shareholders other than the Offeror, Mr. Chen, Mrs. Chen, EVOC Hi-Tech, Shenzhen Haoxuntong and any parties acting in concert with any of them;
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 8 August 2022, which states, amongst other things, the proposal of the Merger of the Offeror and the Company in accordance with the Merger Agreement;
“Last Trading Date”	1 August 2022, being the last trading day for the H Shares prior to the halt of trading in the H Shares on the Stock Exchange pending the release of the Joint Announcement;
“Latest Practicable Date”	Tuesday, 27 September 2022, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained therein;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Long-stop Date”	31 March 2023, being the last date which the Conditions to Effectiveness and the Conditions to Implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the SFC;
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement;
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on 8 August 2022 in relation to the Merger;
“Mr. Chen”	Mr. Chen Zhi Lie, being (i) one of the executive Directors; (ii) owner of 70.5% of the entire equity interests in the EVOC Hi-Tech; (iii) owner of the entire equity interests in Shenzhen Haoxuntong; and (iv) owner of 1% of the entire equity interests in the Offeror;
“Mrs. Chen”	Madam Wang Rong, the spouse of Mr. Chen and the owner of 29.5% of the entire equity interests in the EVOC Hi-Tech;
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 8 August 2022 (the date of the Joint Announcement) and ending on the Delisting Date, or the date on which the Merger is not approved or otherwise lapses, whichever is earlier;
“Offeror”	Shenzhen EVOC Intelligence Technology Company Limited* (深圳市研祥智慧科技股份有限公司), a joint stock company incorporated in the PRC with limited liability which is owned as to 99% by EVOC Hi-Tech and as to 1% by Mr. Chen;
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company and whose addresses are in a place outside Hong Kong, if any;
“PRC”	the People’s Republic of China, which for the purposes of this document, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;

DEFINITIONS

“PRC Laws”	any and all laws, regulations, statutes, rules, and other normative documents as may be currently in force in the PRC, including such amendments, supplements, interpretations or re-enactments from time to time;
“Relevant Period”	the period commencing from 8 February 2022 (i.e. the date that is six months prior to the date of the Joint Announcement) and ending on the Latest Practicable Date;
“Right”	the rights of any Dissenting Shareholder to exercise its right to request the Company and/or other Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire its Shares at a “fair price” during the Declaration Period pursuant to the Merger Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAIC”	the State Administration for Industry and Commerce of the PRC or its local authorities (as applicable);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	collectively, H Shares and Domestic Shares;
“Shareholder(s)”	collectively, H Shareholders and Domestic Shareholders;
“Shenzhen Haoxuntong”	Shenzhen Haoxuntong Industry Co., Ltd., one of the Domestic Shareholders, which directly and beneficially owns 5% of the Domestic Shares in issue and approximately 3.75% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Chen owns 100% of the equity interests in Shenzhen Haoxuntong;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended and supplemented from time to time;
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended;

DEFINITIONS

“Website” the website of the State Administration of Foreign Exchange of the PRC (<https://www.safe.gov.cn/>); and

“%” per cent.

* *For identification purpose 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)

Executive Directors:

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

Independent Non-Executive Directors:

Ms. Wu Yan Nan
Ms. Li Qian
Ms. Xu Hai Hong

Registered Office and

Principal Place of Business:

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

Liaison office in Hong Kong:

Room 508A,
5th Floor, Harbour Crystal Centre,
100 Granville Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

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.

* *For identification purpose only*

LETTER FROM THE BOARD

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:

- | | |
|-------------------------------|--|
| Parties | (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

(2) The Company. |
| Overview of the Merger | 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. |

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- (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.

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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".

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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;

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- (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.

LETTER FROM THE BOARD

(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;

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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:

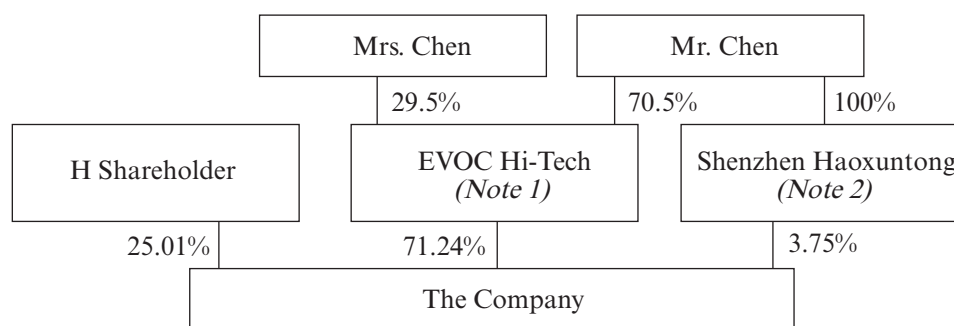
Name of Shareholders	Subscribed Capital Contribution (RMB)	Approximate Percentage in total issued share capital
Mr. Chen	1,000,000	1%
EVOC Hi-Tech	99,000,000	99%

LETTER FROM THE BOARD

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
Domestic Shares		
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>)	<u>46,239,600</u>	<u>3.75%</u>
Sub-total:	<u>924,792,000</u>	<u>74.99%</u>
H Shares		
Public Shareholders (i.e. Independent H Shareholders)	<u>308,352,000</u>	<u>25.01%</u>
Total number of issued Shares	<u><u>1,233,144,000</u></u>	<u><u>100.00%</u></u>

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.

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

(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.

LETTER FROM THE BOARD

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



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)

30 September 2022

To the Independent H Shareholders

Dear Sir and Madam,

**(1) PROPOSED PRIVATISATION OF
THE COMPANY BY THE OFFEROR
BY WAY OF MERGER BY ABSORPTION
(2) PROPOSED WITHDRAWAL OF LISTING
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
(4) NOTICE OF THE H SHAREHOLDERS' CLASS MEETING**

INTRODUCTION

We refer to the composite document dated 30 September 2022 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meaning when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent H Shareholders as to whether the terms of the Merger are, or are not, fair and reasonable and as to voting.

Sorrento Capital Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise us as to whether or not the terms of the Merger are fair and reasonable so far as the Independent H Shareholders are concerned and as to voting. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from the Independent Financial Adviser on pages 38 to 74 of the Composite Document. We also wish to draw your attention to, and advise you to read, the letter from the Board on pages 15 to 35 of the Composite Document, the letter from Independent Financial Adviser on pages 38 to 74 of the Composite Document and the appendices to the Composite Document.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Merger and are therefore able to consider the terms of the Merger and to make recommendations to the Independent H Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter, we concur with the view of the Independent Financial Adviser and consider the terms of Merger to be fair and reasonable so far as the Independent H Shareholders are concerned.

Accordingly, we concur with the recommendation of the Independent Financial Adviser, and would recommend the Independent H Shareholders to vote in favour of the Merger.

Notwithstanding our views and recommendation in respect of the terms of the Merger, the Shareholders are strongly advised to exercise their independent decision on voting at the EGM and the H Shareholders' Class Meeting. If in doubt, the Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of

THE INDEPENDENT BOARD COMMITTEE

Ms. Wu Yan Nan

Independent Non-Executive Director

Ms. Li Qian

Independent Non-Executive Director

Ms. Xu Hai Hong

Independent Non-Executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Merger which has been prepared for the purpose of inclusion in the Composite Document.



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

30 September 2022

To the Independent Board Committee and the Independent H Shareholders

Dear Sirs,

**(1) PROPOSED CONDITIONAL PRIVATISATION
OF THE COMPANY
BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent H Shareholders in respect of the terms of the Merger Agreement and whether they are fair and reasonable and the voting of which, particulars of which are set out in the Composite Document despatched to the H Shareholders dated 30 September 2022, 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 8 August 2022, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement, including the Conditions. After completion of 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 and 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.

As at the Latest Practicable Date, (i) 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; and (ii) 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Merger Agreement is subject to the satisfaction of the conditions (none of which is capable of being waived) (the “**Conditions to Effectiveness**”) by the Long-stop Date including (i) 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 (ii) 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.

After the Merger Agreement becomes effective upon satisfaction of all the Conditions to Effectiveness, the implementation of the Merger shall be subject certain conditions (the “**Conditions to Implementation**”, together with the Conditions to Effectiveness, collectively, the “**Conditions**”, e.g. there being no error or omission of the representations and warranties given by the parties to the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger, compliance with respective undertakings under the Merger Agreement and 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) being satisfied or waived, as applicable. For details of the Conditions, please refer to the Letter from the Board.

Pursuant to the Merger Agreement, the Offeror will pay the Cancellation Price in the amount of: (i) HK\$1.75 per H Share to the H Shareholders in cash to cancel the H Shares held by the H Shareholders; and (ii) 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 (a) EVOC Hi-Tech (equity interests of which are owned as to 70.5% by Mr. Chen and 29.5% by Mrs. Chen); and (b) 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. Further details of the terms and conditions of the Merger are set out in the Composite Document.

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

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 criteria (i) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (if

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

applicable) the H Shareholders' Class Meeting; (ii) 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 (iii) 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 (i) such Shareholder has undertaken to the Company to waive its right; (ii) such Shareholder is prohibited from exercising its right in accordance with applicable laws; and (iii) 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.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong, each an independent non-executive Director, who have no direct or indirect interest in the Merger and the withdrawal of listing of the Company on the Stock Exchange, has been established by the Company to make recommendation to the Independent H Shareholders as to: (i) whether the terms of the Merger Agreement are fair and reasonable for the purpose of the Takeovers Code; and (ii) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class 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 Merger.

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 Merger, 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 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 (including this letter of advice) up to the date of the H Share Class Meeting and the EGM, 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information supplied. We have not considered the tax and regulatory implications on the H Shareholders as regards the Merger since these are particular to their own individual circumstances. In particular, the Independent H Shareholders who are residents 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 Merger 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 Merger.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering the fairness and reasonableness of the terms of the Merger Agreement, 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 in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial information on the Group for (i) each of the three years ended 31 December 2021 as extracted from the annual reports of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) and 2021 (the “**2021 Annual Report**”, collectively the “**Annual Reports**”); and (ii) the six months ended 30 June 2022 as extracted from the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”).

	For the six months ended		For the year ended		
	30 June		31 December		
	2022	2021	2021	2020	2019
	<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	326,356	360,937	1,296,192	1,544,536	1,688,153
Cost of sales	<u>(276,145)</u>	<u>(310,454)</u>	<u>(729,287)</u>	<u>(976,343)</u>	<u>(1,224,954)</u>
Gross profit	50,211	50,483	566,905	568,193	463,199
Other income	136,647	146,551	295,536	343,613	328,279
Selling and distribution costs	(18,791)	(16,104)	(45,460)	(48,116)	(46,107)
Administrative expenses	(41,333)	(44,848)	(152,724)	(135,715)	(144,456)
Other Operating expenses <i>(Note)</i>	(6,606)	(7,412)	(32,654)	(27,975)	(31,484)
Research and development costs <i>(Note)</i>	(34,990)	(32,574)	(228,884)	(266,177)	(146,601)
Fair value gain/(loss) on investment properties	—	—	2,803	(21,239)	17,718
Fair value gain on transfer of properties held for sale to investment properties	—	—	1,202	367	220
Finance costs	(76,431)	(85,322)	(170,621)	(162,995)	(127,055)
Share of loss of an associated company	(2,110)	—	(684)	—	—
Income tax expenses	<u>(1,035)</u>	<u>(1,436)</u>	<u>(69,239)</u>	<u>(39,418)</u>	<u>(50,559)</u>
Profit for the year/period attributable to owners of the Company	<u>5,562</u>	<u>9,338</u>	<u>166,180</u>	<u>210,538</u>	<u>263,154</u>

Note: Other operating expenses and research and development costs are separately presented since 2021 Annual Report.

Source: The Annual Reports and the 2022 Interim Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2021 and the six months ended 30 June 2021 and 2022 respectively.

Product type	Turnover contribution by product type				
	for the six months ended		for the year ended		
	30 June		31 December		
	2022	2021	2021	2020	2019
<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	223,121	224,240	813,785	650,511	529,268
Mobile phones and accessories	77,303	111,537	282,552	668,913	847,487
Chemical products	—	—	—	—	72,343
Properties	25,932	25,160	199,855	225,112	239,055
Total turnover	<u>326,356</u>	<u>360,937</u>	<u>1,296,192</u>	<u>1,544,536</u>	<u>1,688,153</u>

Source: *The Annual Reports and the 2022 Interim Report*

Comparison for the six months ended 30 June 2022 versus the six months ended 30 June 2021

During the six months ended 30 June 2022, the Group recorded a turnover of approximately RMB326.4 million as compared with that of approximately RMB360.9 million for the six months ended 30 June 2021 mainly due to the decrease in the sales of mobile phones and accessories by approximately 30.7%. According to the 2022 Interim Report, as a result of the continued impact of the COVID-19 epidemic, particularly the epidemic in Shanghai, the PRC economy was affected to varying degrees, with slowed down production and operating activities, significantly decreased fixed asset investment and reduced business orders from certain domestic customers, directly resulting in the continued reduction in demand in the special computer market. Although the tight raw materials market has eased, the price of raw materials remained high, and the increased stockpiles in response to the changes in the raw materials market have increased the Company's operating costs. Furthermore, as the China-U.S. conflict continues, the export restrictions on certain semiconductor devices and industrial design software originated from the U.S. have not been eased, resulting in the continuing risks of availability and prices of imported raw materials for special computers. With the increase of uncertainties in the international trade and diplomatic environment, there has been a lack of incentive to upgrade fixed assets, which reduced the market demand for special computer products, resulting in a serious impact on both internal and external sales of the products. Nevertheless, the Company recorded an overall gross profit margin of approximately 15.4% for the six months ended 30 June 2022 which is slightly higher than approximately 14.0% for the six months ended 30 June 2021 mainly due to control of raw material costs.

Special computer products continued to be the largest contributor of the Group's turnover for the six months ended 30 June 2022 which represented approximately 68.4% of the total turnover of the Group for the period and is slightly less than the level for the six months ended 30 June 2021. We have reviewed a sales breakdown of special computer products for the first half of 2022 and 2021 and noted that turnover of special computer products applicable to information security and communication and trading have shown significant increase but such increase were offset by decrease in sales of special computer products applicable in other industries such as environmental protection, railway and transportation.

Turnover from the sales of mobile phones and accessories decreased significantly by approximately 30.7% during the six months ended 30 June 2022 as compared to the same period in 2021. As advised by the Company, it was mainly due to decrease in sales of mobile phones, mobile phone cases/covers and tablet computers as the general market has been adversely affected by COVID-19 pandemic and the China-U.S. Conflict and certain major customers have reduced their orders.

Turnover from sales of properties were stable as to approximately RMB25.9 million for the six months ended 30 June 2022 and approximately RMB25.2 million for the six months ended 30 June 2021 respectively. As advised by the Company, sales of properties in Wuxi, Jiangsu Province, the PRC were relatively stable in the abovementioned period.

During the six months ended 30 June 2021 and the six months ended 30 June 2022, 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 2022, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB45.2 million, representing a decrease of approximately 24.0% as compared to that of approximately RMB59.5 million in the same period in 2021 mainly due to the drop in rental income from property in Hangzhou, Zhejiang Province, the PRC as a result of continuous and ongoing impact of COVID-19 pandemic.

Selling and distribution costs of the Group increased by approximately 16.8% from approximately RMB16.1 million for the six months ended 30 June 2021 to approximately RMB18.8 million for the six months ended 30 June 2022 mainly due to increase in wages, welfare benefit and headcount of sales team.

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Administrative expenses of the Group decreased by approximately 7.8% from approximately RMB44.8 million for the six months ended 30 June 2021 to approximately RMB41.3 million for the six months ended 30 June 2022 mainly due to decrease in wages, welfare costs and headcount of administrative staff.

Research and development costs of the Group slightly increased from approximately RMB32.6 million for the six months ended 30 June 2021 to approximately RMB35.0 million for the six months ended 30 June 2022 as the Group continued to make a certain proportion of investment to maintain the normal update and iteration of its existing product series as well as to develop software and to increase product series when appropriate.

Finance costs decreased from approximately RMB85.3 million for the six months ended 30 June 2021 to approximately RMB76.4 million for the six months ended 30 June 2022 mainly due to decrease in bank borrowings during the period.

As a result of the above, the Group recorded a profit for the period attributable to owners of the Company of approximately RMB5.6 million for the six months ended 30 June 2022 representing a decrease of approximately 40.4% as compared to the profit of approximately RMB9.3 million for the six months ended 30 June 2021.

Comparison for the year ended 31 December 2021 versus the year ended 31 December 2020

During the year ended 31 December 2021, the Group recorded a turnover of approximately RMB1.3 billion as compared with that of approximately RMB1.5 billion for the year ended 31 December 2020 mainly due to (i) decrease in the sales of mobile phones and accessories by approximately 57.8%; and (ii) decrease in the sales of properties by approximately 11.2%. The overall gross profit margin of the Group increased from approximately 36.8% for the year ended 31 December 2020 to approximately 43.7% for the year ended 31 December 2021 mainly due to sales increase and improvement of profit margin in special computer products. Nevertheless, as set out in the 2021 Annual Report, the global pandemic was still ongoing, and the China-U.S. conflict shows no sign of abating. Coupled with the Russia-Ukraine crisis, the extremely volatile international environment continued to exacerbate the shortage and price increase of semiconductors and related raw materials, bringing greater risks and challenges to the Chinese and global economies. The rising cost of raw materials has led to continuous cost increases in China's manufacturing industry, reducing the international competitive advantage of its manufacturing industry, which in turn caused unfavourable impact on the sales of special computers.

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As advised by the Company, mobile phones and accessories sold by the Group were mainly mobile phones, tablet computers, parts and accessories and the decrease in sales of them for the year ended 31 December 2021 was mainly due to the decreased sales of tablets computers and parts and accessories as the general market has been adversely affected by COVID-19 pandemic and the China-U.S. Conflict and certain major customers have reduced their orders.

As regards the property segment of the Group, we have reviewed a breakdown of sales of properties of the Group and noted that such decrease in sales was mainly due to the decrease in sales of Kunshan Dianshan Lake Project located in Kunshan city, Jiangsu Province, the PRC.

During the year ended 31 December 2020 and the year ended 31 December 2021, 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 year ended 31 December 2021, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB152.0 million, representing a slight decrease of approximately 3.1% as compared to approximately RMB156.9 million in the prior year. As advised by the Company, such decrease was mainly due to the decrease in rental income from building in Hangzhou city, Zhejiang Province, the PRC.

Selling and distribution costs of the Group decreased by approximately 5.4% from approximately RMB48.1 million for the year ended 31 December 2020 to approximately RMB45.5 million for the year ended 31 December 2021 mainly due to decrease in wages, welfare benefit and headcount of sales team.

Administrative expenses of the Group increased by approximately 12.5% from approximately RMB135.7 million for the year ended 31 December 2020 to approximately RMB152.7 million for the year ended 31 December 2021 mainly due to the increase in wages and welfare costs of administrative staff.

Research and development costs of the Group decreased from approximate RMB266.2 million for the year ended 31 December 2020 to approximate RMB228.9 million for the year ended 31 December 2021 mainly due to less consumption of material parts.

Total fair value gain on investment properties and transfer of properties held for sale to investment properties was approximately RMB4.0 million for the year ended 31 December 2021 as compared to loss of approximately RMB20.9 million for the year ended 31 December 2020 mainly due to an increase in fair value of investment properties.

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Finance costs increased from approximately RMB163.0 million for the year ended 31 December 2020 to approximately RMB170.6 million for the year ended 31 December 2021 mainly due to the increase of bank borrowings during the year.

As a result of the above, the Group recorded a profit for the year attributable to owners of the Company of approximately RMB166.2 million for the year ended 31 December 2021 representing a decrease of approximately 21.0% as compared to that of approximately RMB210.5 million for the year ended 31 December 2020.

Comparison for the year ended 31 December 2020 versus the year ended 31 December 2019

During the year ended 31 December 2020, the Group recorded a turnover of approximately RMB1.5 billion as compared with that of approximately RMB1.7 billion for the year ended 31 December 2019 mainly due to (i) decrease in the sales of mobile phones and accessories by approximately 21.1%; (ii) decrease in the sales of properties by approximately 5.8%; and (iii) absence of sales of chemical products. The overall gross profit margin of the Group increased from approximately 27.4% for the year ended 31 December 2019 to approximately 36.8% for the year ended 31 December 2020 mainly due to increase in turnover of higher profit margin in special computer products. Nevertheless, as set out in the 2020 Annual Report, the global pandemic remained uncertain, the dissemination of vaccine is limited, the China-U.S. trade condition continued stalemated, and the populism and protectionism were escalating. All of these have brought more risks and challenges to the Chinese and the global economies. The ongoing pandemic prevention and control measures of China tested the endurance of business entities, raised the costs and reduced the competitive edges of the manufacturing industry. With the lack of market confidence, the market sales of special computer would be adversely affected.

As advised by the Company, mobile phones and accessories sold by the Group were mainly mobile phones, tablet computers, parts and accessories and the decrease in sales of them for the year ended 31 December 2020 was mainly due to the decreased sales of mobile phones and mobile phone cases/covers as the general market has been adversely affected by COVID-19 pandemic and the China-U.S. Conflict and certain major customers have reduced their orders.

As regards the property segment of the Group, we have reviewed a breakdown of sales of properties of the Group and noted that such decrease in sales was mainly due to the decrease in sales of buildings located in Wuxi, Jiangsu Province, the PRC.

During the year ended 31 December 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.

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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 2020, the Group recorded a net rentals (being gross rental less direct operating expenses arising from lease reimbursed from tenants) of approximately RMB156.9 million, representing a decrease of approximately 6.8% as compared to approximately RMB168.4 million in the prior year. As advised by the Company, such decrease was mainly due to decrease in rental income from buildings in Nanshan and Guangming, Shenzhen, the PRC.

Selling and distribution costs of the Group increased by approximately 4.3% from approximately RMB46.1 million for the year ended 31 December 2019 to approximately RMB48.1 million for the year ended 31 December 2020 mainly due to increase in wages and welfare benefit of sales team.

Administrative expenses of the Group decreased by approximately 6.1% from approximately RMB144.5 million for the year ended 31 December 2019 to approximately RMB135.7 million for the year ended 31 December 2020 mainly due to temporary reduction and exemption of enterprises' contributions under the relevant provisions of Social Insurance Law.

Research and development costs of the Group increased from approximate RMB146.6 million for the year ended 31 December 2019 to approximate RMB266.2 million for the year ended 31 December 2020 mainly due to significant products development in special computer.

Total fair value loss on investment properties and transfer of properties held for sale to investment properties was approximately RMB20.9 million for the year ended 31 December 2020 as compared to gain of approximately RMB17.9 million for the year ended 31 December 2019 mainly due to a decrease in fair value of investment properties.

Finance costs increased from approximately RMB127.1 million for the year ended 31 December 2019 to approximately RMB163.0 million for the year ended 31 December 2020 mainly due to the increase of bank borrowings during the year.

As a result of the above, the Group recorded a profit for the year attributable to owners of the Company of approximately RMB210.5 million for the year ended 31 December 2020 representing a decrease of approximately 20.0% as compared to that of approximately RMB263.2 million for the year ended 31 December 2019.

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We have further summarised below the audited consolidated statements of financial positions of the Company as at 31 December 2019, 31 December 2020 and 31 December 2021 and the unaudited consolidated statements of financial positions of the Company as at 30 June 2022 respectively:

	As at 30 June 2022	As at 31 December		
	RMB'000	2021	2020	2019
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets				
Investment properties	2,094,696	2,164,623	2,091,024	2,112,208
Property, plant and equipment	782,938	764,018	804,923	804,106
Others	99,163	108,113	107,930	119,541
	<u>2,976,797</u>	<u>3,036,754</u>	<u>3,003,877</u>	<u>3,035,855</u>
Current assets				
Properties held for sale	1,249,602	1,269,343	1,356,712	1,441,438
Properties under development	931,000	845,067	722,050	623,257
Trade receivables	373,846	234,356	253,991	295,607
Inventories	119,388	81,486	74,006	71,234
Bills receivable	45,742	105,862	47,188	115,357
Cash and bank balances	1,714,596	2,445,429	2,486,422	1,281,633
Others	578,717	346,099	236,768	324,507
	<u>5,012,891</u>	<u>5,327,642</u>	<u>5,177,137</u>	<u>4,153,033</u>
Total assets	<u>7,989,688</u>	<u>8,364,396</u>	<u>8,181,014</u>	<u>7,188,888</u>
Non-current liabilities				
Bank borrowings	2,403,018	2,510,990	1,672,410	1,760,018
Others	432,160	432,865	441,794	449,485
	<u>2,835,178</u>	<u>2,943,855</u>	<u>2,114,204</u>	<u>2,209,503</u>
Current liabilities				
Trade payables	798,575	757,375	908,520	1,000,062
Bank borrowings	761,855	921,000	1,623,687	781,225
Contract liabilities	253,581	272,343	326,002	104,942
Others	344,745	479,631	409,201	515,482
	<u>2,158,756</u>	<u>2,430,349</u>	<u>3,267,410</u>	<u>2,401,711</u>
Total liabilities	<u>4,993,934</u>	<u>5,374,204</u>	<u>5,381,614</u>	<u>4,611,214</u>
Net assets	<u>2,995,754</u>	<u>2,990,192</u>	<u>2,799,400</u>	<u>2,577,674</u>

Source: The Annual Reports and the 2022 Interim Report

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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 prepared by CBRE Limited (the "Valuation Report") as set out in Appendix II 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 31 July 2022					Total market value in existing state as at 31 July 2022 (<i>RMB</i>)
				Properties held and occupied by the Group		Properties held for investment	Properties held under development	Properties held for future development	
				Properties held for sale					
1.	Two units in a factory building	Futian, Shenzhen, Guangdong Province	1,152	—	—	30,100,000 (1,152 sq.m.)	—	—	30,100,000
2.	An office building with other facilities and car parking spaces	Nanshan, Shenzhen, Guangdong Province	61,523	—	211,800,000 (11,421 sq.m.)	706,000,000 (50,102 sq.m.)	—	—	917,800,000
3.	An office building, two factory buildings and an apartment building with car parking spaces	Guangming High-tech Zone, Shenzhen, Guangdong Province	245,482	—	209,000,000 (59,399 sq.m.)	904,000,000 (186,083 sq.m.)	—	—	1,113,000,000
4.	60 units in a residential building project	Bao'an, Shenzhen, Guangdong Province	5,311	—	No Commercial Value (5,311 sq.m.)	—	—	—	No Commercial Value
5.	An industrial project which includes a factory building with other facilities and certain vacant land for further development	Gangzha, Nantong, Jiangsu Province	230,019	—	271,000,000 (72,893 sq.m.)	—	—	16,600,000 (planned 157,126 sq.m.)	287,600,000
6.	Two office buildings with retail units and car parking spaces	Binjiang, Hangzhou, Zhejiang Province	65,511	—	11,300,000 (2,619 sq.m.)	270,300,000 (62,892 sq.m.)	—	—	281,600,000
7.	A commercial and office development with retail units, other facilities and car parking spaces	Huaqiao, Kunshan, Jiangsu Province	162,055	—	—	—	540,000,000 (planned 162,055 sq.m.)	—	540,000,000
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	Dianshanhu, Kunshan, Jiangsu Province	230,320	919,300,000 (117,423 sq.m.)	6,300,000 (914 sq.m.)	33,000,000 (4,773 sq.m.)	137,000,000 (planned 78,592 sq.m.)	30,600,000 (planned 28,618 sq.m.)	1,126,200,000
9.	A commercial apartment building, two office towers, a shopping mall and car parking spaces, and a development site being developed for an office tower and car parking spaces	Xishan, Wuxi, Jiangsu Province	236,727	283,900,000 (32,949 sq.m.)	121,600,000 (53,192 sq.m.)	652,900,000 (88,390 sq.m.)	275,700,000 (planned 62,196 sq.m.)	—	1,334,100,000
10.	Commercial apartment units remained unsold and sold but not delivered	Xishan, Wuxi, Jiangsu Province	56,966 (aboveground)	876,000,000 (56,966 sq.m.)	—	—	—	—	876,000,000
Total				<u>2,079,200,000</u>	<u>831,000,000</u>	<u>2,596,300,000</u>	<u>952,700,000</u>	<u>47,200,000</u>	<u>6,506,400,000</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 total assets of the Group were stable as to approximately RMB8.4 billion as at 31 December 2021 (audited) and approximately RMB8.0 billion as at 30 June 2022 (unaudited). The total liabilities of the Group decrease slightly from approximately RMB5.4 billion as at 31 December 2021 (audited) to approximately RMB5.0 billion as at 30 June 2022 (unaudited) mainly to decrease in bank borrowings. As at 30 June 2022, the cash and bank balances of the Group was approximately RMB1.7 billion (unaudited), representing an decrease of approximately 29.2% as compared with approximately RMB2.4 billion as at 31 December 2021 (audited) mainly due to the net cash used in financing activities (i.e. repayment of borrowings and payment of interests) and investing activities (i.e. purchase of property, plant and equipment).

(ii) Information and principal business of 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 as at the Latest Practicable Date.

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.

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

According to the Letter from the Board, 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.

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.

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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.

(iv) Reasons for and benefits of the Merger

The followings are the reasons for and benefits of the Merger according to the Letter from the Board.

(a) an attractive opportunity to realise the H Shareholders' investment in the Company at a compelling premium amidst a challenging environment and 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 approximately 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.

(b) the Company has lost the advantage of a listing platform

i. 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.

ii. 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.

iii. 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.

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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 that of its subsidiaries on any other stock exchanges (including the stock exchanges in the PRC).

We have reviewed the 2022 Interim Report to analyse its recent performance of the Group and noted that the unaudited turnover and profit attributable to owners of the Company for the six months ended 30 June 2022 decreased by approximately 9.6% and 40.4% respectively as compared to those for the same period in prior year. As mentioned in the paragraph headed "(i) Review of financial position/performance of the Group" above, the decrease in turnover of the Group during the six months ended 30 June 2022 was mainly due to the significant decrease in sales of mobile phones and accessories while sales of special computer products and properties were relatively stable. Nevertheless, the largest revenue contributor to the Group, being special computer products, is facing challenge due to the ongoing COVID-19 pandemic and the tight supply in the raw material market as detailed in reason of Merger (b)(iii) above.

Since the major products of the Group comprise special computers, information technology platform, mobile phone products etc., we have conducted research on the relevant industry in the PRC. According to Ministry of Industry and Information Technology of the PRC, the value addition of information technology manufacturing industry in the PRC grew by approximately 7.7% in 2020 and approximately 15.7% in 2021 respectively on year-on-year basis. For the first seven months in 2022, the growth rate decreased to approximately 9.8% as compared with the same period in 2021. The profit of information technology manufacturing industry in the PRC grew by approximately 17.2% in 2020 and approximately 38.9% in 2021 respectively on year-on-year basis. But for the first seven months in 2022, the industry recorded decrease in profit as to approximately 9.6% as compared with the same period in 2021. As regards the fixed assets investment, the information technology manufacturing industry grew by approximately 12.5% in 2020 and approximately 22.3% in 2021 respectively

on year-on-year basis. For the first seven months in 2022, the growth rate decreased to approximately 18.6% as compared with the same period in 2021. These show that the growth of information technology manufacturing industry has slowed down recently and profitability has also been adversely affected. As mentioned in the 2022 Interim Report, under the global pandemic, the China-U.S. conflict and energy crisis in Europe caused by the Russia-Ukraine conflict, supply of semiconductors and related raw materials are affected and the rising cost of raw materials has led to continuous cost increases in China's manufacturing industry which in turn has an adverse impact on the sales of special computers in the market. As advised by the Company, continuous investment in research and development will be needed for special computer products and accelerate the application and innovation of intelligent software and hardware integrated products yet the future result is uncertain.

According to National Bureau of Statistics, the total investment in property development in the Eastern PRC (including Jiangsu Province, Zhejiang Province and Shenzhen where all properties of the Group as tabled in the paragraph headed "(i) Review of financial position/performance of the Group" above are located at) grew by approximately 7.6% in 2020 and approximately 4.2% in 2021 respectively on year-on-year basis. But for the first seven months in 2022, such investment amount decreased by approximately 5.3% as compared with the same period in 2021. As regards the sales amount of commodity buildings (including residential, office and business buildings) in the Eastern PRC, it grew by approximately 14.1% in 2020 and approximately 8.0% in 2021 respectively on year-on-year basis. But for the first seven months in 2022, such sales amount decreased by approximately 31.0% as compared with the same period in 2021. For the investment properties of the Group, we have reviewed a list of tenancy and noted that over two-thirds of the tenure are expected to expire in two years. Under the ongoing COVID-19 pandemic and the trade conflicts between China and the U.S., economic environment in the PRC was also affected and growth rate of gross domestic products of the PRC has dropped from approximately 12.7% for the first half in 2021 to approximately 2.5% for the first half in 2022. As the future development of COVID-19 pandemic and the trade conflicts between China and the U.S. remains uncertain 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having reviewed (i) the historical price performance and liquidity of the H Shares (as detailed in the following paragraph headed “(v) The Cancellation Price and historical Share price performance”, “(vi) Historical trading volume of the Shares” and “(vii) Market comparable analysis”); (ii) the limited equity fundraising exercises conducted by the Company since listing of its H Shares on the Stock Exchange; and (iii) the Company’s need to formulate strategies with more flexibility to cope with any changes in both information technology and property industries in the PRC, we concur with the abovementioned reasons for and benefits of the Merger.

(v) The Cancellation Price and historical Share price performance

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

- i. 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;
- ii. 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;
- iii. 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;
- iv. 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;
- v. 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;
- vi. 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;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- vii. 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;
- viii. a premium of approximately 5.42% over the closing price of HK\$1.66 per H Shares as quoted on the Stock Exchange as at the Latest Practicable Date;
- ix. 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
- x. a discount of approximately 55.41% to the adjusted unaudited consolidated net asset value per Share of the Company (the "**Adjusted Unaudited NAV per Share**") of approximately HK\$3.92 per Share as at 31 July 2022 (based on the exchange rate of HK\$1.00 to RMB0.85948 as at 1 August 2022 as per the State Administration of Foreign Exchange website) as mentioned in the "Letter from the Board" and Appendix I to the Composite Document.

According to Appendix I to the Composite Document, the Adjusted Unaudited NAV per Share is calculated by the Company based on the audited net asset value of the Company attributable to the Shareholders of approximately RMB2,990.2 million as at 31 December 2021 adding the revaluation surplus of approximately RMB1,558.8 million arising from the valuation of property interests held by the Group as at 31 July 2022 as assessed by CBRE Limited after considering the status of properties and market conditions and deducting deferred taxation of approximately RMB389.7 million (based on applicable PRC tax rate of 25% on the revaluation surplus of the property interests).

We were provided by the Company the calculation of the Adjusted Unaudited NAV per Share and we noted that the revaluation surplus of approximately RMB1,558.8 million arising from the valuation of property interests of the Group is the difference between the (i) total value of the Group's property interests of approximately RMB4,947.6 million, comprising (a) land and buildings (under property, plant and equipment) of approximately RMB668.6 million; (b) properties under development of approximately RMB845.1 million; (c) properties held for sale of approximately RMB1,269.3 million; and (d) investment properties of the Group of approximately RMB2,164.6 million as at 31 December 2021 per the 2021 Annual Report; and (ii) the total market value in existing state of the Group's property interests of approximately RMB6,506.4 million as shown in the Valuation Report. For the values of properties of the Group as at 31 July 2022, we noted from the Valuation Report that such properties comprise (i) properties held for sale by the Group; (ii) properties held and occupied by

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the Group; (iii) properties held for investment by the Group; (iv) properties held under development by the Group; and (v) properties held for future development by the Group.

According to the 2021 Annual Report, the audited net assets per Share of the Company was approximately RMB2.42 as at 31 December 2021 and according to the 2022 Interim Report, the unaudited net assets per Share of the Company was approximately RMB2.43 as at 30 June 2022 respectively (or equivalent to approximately HK\$2.69 based on the exchange rate cited from People's Bank of China as at the Latest Practicable Date). Therefore, the H Shares were traded at significant discount to the net assets of the Company per Share ranging from approximately 38.3% to 64.3% during Review Period (as defined below). For the purpose of further comparing the Cancellation Price of HK\$1.75 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 1 August 2021 to 1 August 2022, 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

(a) Pre-Announcement Period

As shown in the chart above, closing prices of the H Shares were below the Cancellation Price during the entire Pre-Announcement Period and fluctuated between HK\$0.99 per H Share and HK\$1.52 per H Share. During this period, the Company announced (i) its unaudited interim results for the six months ended 30 June 2021 on 11 August 2021; (ii) its unaudited annual results for the year ended 31 December 2021 on 31 March 2022; and (iii) its further information in relation to its audited annual results for the year ended 31 December 2021 on 27 April 2022.

Since 11:36 a.m. on 1 August 2022, trading of the Shares was halted pending the release of an announcement by the Company in relation to inside information of the Company and pursuant to Takeovers Code. Before the time of trading halt, the closing price of the H Shares was HK\$1.52 per H Share which was the highest closing price during the Pre-Announcement Period.

(b) Post-Announcement Period

At 9:00 a.m. on 9 August 2022, trading of the H Shares was resumed after the publication of the Joint Announcement and the closing price of the H Share reached HK\$1.63 per H Share. Since then the closing prices of the H Shares have been generally on similar level. On 12 August 2022, the Company announced its unaudited interim results for the six months ended 30 June 2022. As confirmed by the Directors, save for the release of the Joint Announcement, the Directors are not aware of any specific event that caused the recent substantial increases in prices of the H Shares. As at the Latest Practicable Date, the closing price of the H Shares was HK\$1.66 per H share. Hence, we consider that the aforesaid increases in prices of the H Shares reflected the market's reaction to the Merger.

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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 <i>(Number of H Shares)</i>	Average daily trading volume <i>(Number of H Shares)</i> <i>(Note 1)</i>	% 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 <i>(%)</i> <i>(Note 2)</i>
2021				
August	22	11,591,000	526,864	0.171
September	21	8,960,000	426,667	0.138
October	18	3,796,000	210,889	0.068
November	22	7,754,400	352,473	0.114
December	22	6,020,000	273,636	0.089
2022				
January	21	4,432,800	211,086	0.068
February	17	7,100,000	417,647	0.135
March	23	4,744,000	206,261	0.067
April	18	4,000,000	222,222	0.072
May	20	2,884,000	144,200	0.047
June	21	6,460,000	307,619	0.100
July	20	2,772,000	138,600	0.045
August <i>(Note 3)</i>				
— Prior to trading halt	1	11,460,000	11,460,000	3.717
— After resumption in trading	17	55,888,000	3,287,529	1.066
September <i>(up to the Latest Practicable Date)</i>	18	15,230,400	846,133	0.274

Source: The Stock Exchange

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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.
3. Trading in the H Shares was halted for around six trading days from 11:36 a.m. on 1 August 2022 to 8 August 2022 pending the publication of the Joint 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 (except the Last Trading Date) and ranged from approximately 138,600 H Shares in July 2022 to approximately 526,864 H Shares recorded in August 2021, representing approximately 0.045% to approximately 0.171% 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.

On 1 August 2022, the total trading volume of the H Shares was 11,460,000 Shares and trading of the H Shares was halted at 11:36 a.m.. The Joint Announcement was published on 8 August 2022 and trading in the H Shares was resumed from 9:00 a.m. on 9 August 2022. The average daily trading volume of the H Shares from 9 August 2022 to 31 August 2022 was 3,287,529 H Shares and became 846,133 H Shares in September 2022 (up to the Latest Practicable Date).

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 2021 Annual Report and the 2022 Interim Report, (i) substantial portion of the turnover of the Company for the year ended 31 December 2021 and the six months ended 30 June 2022 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 2021 and 30 June 2022 were investment properties, properties under development and properties held for sale. As such we have

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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 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 computer related parts and peripheral products, information technology and electronic products; and (ii) 55 companies listed on the Stock Exchange which are principally engaged in development and investment of properties. In selecting these 61 companies, we take into account those (i) with not less than 90% of revenue generated from industries similar to those of the Group in the latest financial year; (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; (iii) with trading of ordinary shares not being suspended on the Stock Exchange for the whole trading day as at the Latest Practicable Date; and (iv) with market capitalisation of not more than HK\$3.0 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 over HK\$2.0 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).

In view of the similarity of the industry, geographic market and market capitalisation of the abovementioned six companies principally engaged in sales of computer and electronic products (the “**Electronic Comparables**”) and the abovementioned 55 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 Cancellation Price.

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In assessing the fairness and reasonableness of the Cancellation 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. Since four out of six Electronic Comparables recorded net loss during the latest full financial year, we have also performed a price-to-sales ratio (the “**P/S Ratio**”) analysis which is a common method for valuing enterprises particularly when no profit is recorded. Given the profitability of electronic industry is materially affected by the recent fluctuation in supply and price of raw materials like semi-conductors and chips, we consider that it is fair and reasonable to use P/S Ratio analysis as an alternative way to assess the values the Company and all the Electronic Comparables when majority of the Electronic Comparables were loss-making during their respective latest full financial year. 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 Cancellation Price with reference to the Electronic Comparables. On the other hand, as the Group did not declare or distribute any 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 Cancellation 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 (HK\$' million) (Note 1) (a)	Profit (Loss) attributable to shareholders during the latest full financial year (HK\$' million) (b)	Revenue during the latest full financial year (HK\$' million) (c)	P/E Ratios (times) (a)/(b)	P/S Ratios (times) (a)/(c)
Jolimark Holdings Limited (2028)	Manufacture and sale of printers and other electronic products in the PRC	110.32	(27.90)	382.50	N/A	0.29
Tongda Hong Tai Holdings Limited (2363)	Manufacturing and sale of casings and components of notebooks and tablets	74.20	(196.96)	370.69	N/A	0.20
Ju Teng International Holdings Limited (3336)	Manufacture and sale of casings for notebook computer and handheld devices	1,584.01	162.40	11,282.98	9.75	0.14
Huabang Technology Holdings Limited (3638)	Trading business (including computer and peripheral products and electronics products business) and financial services business	363.05	(241.02)	1,702.55	N/A	0.21

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Company/ Stock Code	Principal business activities	Market capitalisation (HK\$' million) (Note 1) (a)	Profit (Loss)	Revenue during	P/E Ratios (times) (a)/(b)	P/S Ratios (times) (a)/(c)
			attributable to shareholders during the latest full financial year (HK\$' million) (b)	the latest full financial year (HK\$' million) (c)		
Changhong Jiahua Holdings Limited (3991)	Provision of professional integrated IT solutions and services and distribution of consumer digital products and provision of cloud computing services.	930.98	413.25	44,558.17	2.25	0.02
Zhejiang Rui Yuan Intelligent Control Technology Company Limited (8249)	Design, manufacture and sales of CNC machine tools optical and mechanical products, sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances in the PRC	38.00 (Note 3)	(4.48)	40.56	N/A	0.94
		Statistics:	Minimum		2.25	0.02
			Maximum		9.75	0.94
			Mean		6.00	0.30
			Median		6.00	0.21
The Company		2,047.02	184.45		11.70 (Note 2)	1.50 (Note 3)

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 Electronic Comparables as at the Latest Practicable Date.
2. Based on the Cancellation Price of HK\$1.75 per H Share and the earning per Share of approximately RMB0.13 or HK\$0.15 (calculated based on the consolidated audited profit for the year attributable to owners of the Company of approximately RMB166.18 million for the year ended 31 December 2021 and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).
3. Based on the Cancellation Price of HK\$1.75 per H Share and the turnover per Share of approximately RMB1.05 or HK\$1.17 (calculated based on the consolidated audited turnover for the year of the Company of approximately RMB1,296.19 million for the year ended 31 December 2021 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 Electronic Comparables are translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.90093 according to the rate cited from People's Bank of China as at the Latest Practicable Date.

As illustrated in the table above, the maximum P/E Ratio of the Electronic Comparables (i.e. Ju Teng International Holdings Limited) is approximately 9.75 times as at the Latest Practicable Date which is lower than the P/E Ratio of the Company of approximately 11.70 times as implied by the Cancellation Price. Furthermore, the P/S Ratio of approximately 1.50 times as implied by the Cancellation Price is significantly higher than all the P/S Ratios of the Electronic Comparables. 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 Cancellation 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 audited net asset value of the Group per Share as at 31 December 2021, unaudited net asset value the Group per Share of as at 30 June 2022, the Adjusted Unaudited NAV per Share (details of the Adjusted Unaudited NAV and property valuation are set out in the paragraph headed “(v) The Cancellation Price and the historical Share price performance” above and Appendix I and Appendix II to the Composite Document).

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	P/E Ratios (times) (a)/(b)	P/B Ratios (times) (a)/(c)
				(liability) value attributable to shareholders as at the end of latest full financial year or interim period (HK\$' million) (Note 2) (c)		
Keyne Ltd. (0009)	Property and hotel development business and property rental	110.63	(537.36)	(491.17)	N/A	N/A
Dynamic Holdings Limited (0029)	Property investment	2,015.73	(14.07)	2,251.75	N/A	0.90
Skyfame Realty (Holdings) Limited (0059)	Property development, property investment, property management and commercial operations	329.41	(315.46)	2,806.04	N/A	0.12
Y.T. Realty Group Limited (0075)	Property development and trading, property investment, treasury management and property management and related services	639.65	(120.98)	1,492.21	N/A	0.43
Grand Field Group Holdings Limited (0115)	Property development, property investment, hotel operation and general trading	62.46	(224.27)	675.96	N/A	0.09

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Company/ Stock Code	Principal business activities	Market capitalisation <i>(HK\$' million)</i> <i>(Note 1)</i> (a)	Profit (Loss) attributable to shareholders during the latest full financial year <i>(HK\$' million)</i> (b)	Net asset (liability) value attributable to shareholders as at the end of latest full financial year or interim period <i>(HK\$' million)</i> <i>(Note 2)</i> (c)	P/E Ratios <i>(times)</i> (a)/(b)	P/B Ratios <i>(times)</i> (a)/(c)
Guangdong Land Holdings Limited (0124)	Property development and property investment	1,317.88	1,402.25	8,121.56	0.94	0.16
Cheuk Nang (Holdings) Limited (0131)	Property development, investment and management	1,507.68	148.70	6,937.72	10.14	0.22
International Business Settlement Holdings Limited (0147)	Property development, hotel business, international business settlement, contact lens business, leasing, trading of computer equipment and financing business	1,686.48	(119.14)	673.46	N/A	2.50
Silver Grant International Holdings Group Limited (0171)	Property investment and investments in financial assets	991.09	(1,452.61)	4,917.76	N/A	0.20
Minmetals Land Limited (0230)	Real estate development, specialised construction, property investment and securities investment	1,840.80	89.21	9,143.59	20.63	0.20
GBA Holdings Limited (0261)	Development and sale of properties and finance business	91.92	(60.00)	840.00	N/A	0.11
Applied Development Holdings Limited (0519)	Resort and property development, property investment and investment holding	232.97	(60.23)	1,008.35	N/A	0.23
Shanghai Industrial Urban Development Group Limited (0563)	Residential and commercial properties development, property investment and hotel operations	2,739.60	572.33	14,297.16	4.79	0.19
Beijing North Star Company Limited (0588)	Development properties, convention and exhibition and investment properties (including hotels)	2,962.98	218.72	22,582.83	13.55	0.13
China Tangshang Holdings Limited (0674)	Property sub-leasing and investment business, property development and money lending business	593.37	8.02	386.46	73.98	1.54

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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 (liability) 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)	P/B Ratios (<i>times</i>) (a)/(c)
China Oceanwide Holdings Limited (0715)	Property investment, real estate development, energy and finance investment	371.28	(5,359.79)	3,200.88	N/A	0.12
Crown International Corporation Limited (0727)	Property investment, property development, hotel operations, financial consultancy service and comprehensive healthcare business	204.91	(105.24)	1,971.48	N/A	0.10
Talent Property Group Limited (0760)	Real estate development, property investment and property management	216.16	182.07	1,799.03	1.19	0.12
Central China Real Estate Limited (0832)	Property development, property leasing and hotel operations	1,067.67	671.43	3,690.13	1.59	0.29
Glorious Property Holdings Limited (0845)	Development of real estate projects	1,052.01	(5,716.35)	(758.6)	N/A	N/A
Mingfa Group (International) Company Limited (0846)	Development of commercial and residential properties, hotel management, property management and property investment	2,071.77	2,089.68	20,243.90	0.99	0.10
Jiande International Holdings Limited (0865)	Property development	607.15	12.34	891.34	49.19	0.68
Asia Resources Holdings Limited (0899)	Property development, property investment and production and sales of bottled water	223.90	(361.64)	1,645.36	N/A	0.14
China Sandi Holdings Limited (0910)	Property development and holding of property for investment and rental purposes	1,068.52	188.37	5,508.28	5.67	0.19
China Merchants Land Limited (0978)	Development, sale, lease, investment and management of properties; assets management; and investment holding	2,697.89	622.21	10,828.38	4.34	0.25

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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 (liability) 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)	P/B Ratios (<i>times</i>) (a)/(c)
Zhong Hua International Holdings Limited (1064)	Property development, investment and management businesses	61.37	6.81	898.15	9.01	0.07
Road King Infrastructure Limited (1098)	Property development, investment and asset management businesses	2,218.04	1,028.25	21,758.17	2.16	0.10
Coastal Greenland Limited (1124)	Property development, property investment, project management services, and project investment services.	145.11	(942.60)	3,588.95	N/A	0.04
SRE Group Limited (1207)	Real estate development and investment	493.55	42.34	4,595.88	11.66	0.11
Golden Wheel Tiandi Holdings Company Limited (1232)	Property development, property leasing and hotel operation	233.87	(2,197.95)	2,699.40	N/A	0.09
Boill Healthcare Holdings Limited (1246)	Property development, healthcare holiday resort development and operation, foundation piling and securities investment	176.54	(517.80)	(11.54)	N/A	N/A
Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (1379)	Property leasing	300.00	52.52	832.03	5.71	0.36
Weiye Holdings Limited (1570)	Property development and the manufacturing and trading of heating, ventilation, air-conditioning, air purification and clean room equipment	784.53	(142.11)	1,534.73	N/A	0.51
Yuzhou Group Holdings Company Limited (1628)	Property development, property investment, property management and hotel operations	1,668.70	956.89	28,518.05	1.74	0.06

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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 (liability) value attributable to shareholders as at the end of latest full financial year or interim period (HK\$' million) (Note 2) (c)	P/E Ratios (times) (a)/(b)	P/B Ratios (times) (a)/(c)
Sino Harbour Holdings Group Limited (1663)	Sale and leasing of self-constructed properties and investment and operation in CMC process and medical service sector	426.27	287.61	1,896.87	1.48	0.22
Yincheng International Holding Co., Ltd. (1902)	Property development, hotel operations and property investment	2,980.74	157.12	2,943.01	18.97	1.01
China SCE Group Holdings Limited (1966)	Property development, property investment, property management, land development and project management	2,237.73	3,407.61	24,196.90	0.66	0.09
Redsun Properties Group Limited (1996)	Property development, commercial property investment and operations, and hotel operations	2,804.67	1,382.84	16,757.74	2.03	0.17
Datang Group Holdings Limited (2117)	Property development	2,168.03	806.32	6,304.83	2.69	0.34
JY Grandmark Holdings Limited (2231)	Property development and sales, property management, hotel operations and commercial property investment	2,288.18	240.25	3,160.06	9.52	0.72
Hailan Holdings Limited (2278)	Investment holding, properties development and sales and rental of developed properties	1,197.00	17.15	1,603.26	69.81	0.75
Chen Xing Development Holdings Limited (2286)	Property development	540.00	87.38	1,695.08	6.18	0.32

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Company/ Stock Code	Principal business activities	Market capitalisation <i>(HK\$' million)</i> <i>(Note 1)</i> (a)	Profit (Loss) attributable to shareholders during the latest full financial year <i>(HK\$' million)</i> (b)	Net asset (liability) value attributable to shareholders as at the end of latest full financial year or interim period <i>(HK\$' million)</i> <i>(Note 2)</i> (c)	P/E Ratios <i>(times)</i> (a)/(b)	P/B Ratios <i>(times)</i> (a)/(c)
Glory Health Industry Limited (2329)	Property development, provision of primary land construction and development services, property investment, and provision of property management and related services	871.11	253.44	13,346.40	3.44	0.07
Shinsun Holdings (Group) Co., Ltd. (2599)	Developing and selling properties	1,049.97	(239.05)	8,566.38	N/A	0.12
Xinming China Holdings Company Limited (2699)	Development and sale of properties, leasing out properties for their rental income potential and/or for capital appreciation and investment holding	24.42	(958.94)	(1,020.43)	N/A	N/A
Zhongliang Holdings Group Company Limited (2772)	Real estate development	2,041.62	2,999.75	14,406.89	0.68	0.14
Million Cities Holdings Limited (2892)	Property development and property investment	615.00	184.68	1,261.25	3.33	0.49
Ronshine China Holdings Limited (3301)	Development of mid- to high-end residential properties and commercial properties	1,026.89	1,437.46	15,273.41	0.71	0.07
Ever Reach Group (Holdings) Company Limited (3616)	Property development	720.00	340.66	1,853.42	2.11	0.39
DaFa Properties Group Limited (6111)	Property development and leasing, commercial property management and management consulting	149.88	(533.23)	2,155.03	N/A	0.07
Zhenro Properties Group Limited (6158)	Property development, property leasing and commercial property management	1,201.13	897.97	17,688.77	1.34	0.07
Sanxun Holdings Group Limited (6611)	Developing and selling properties	189.15	3.32	1,777.51	56.97	0.11

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company/ Stock Code	Principal business activities	Market capitalisation <i>(HK\$' million)</i> <i>(Note 1)</i> (a)	Profit (Loss) attributable to shareholders during the latest full financial year <i>(HK\$' million)</i> (b)	Net asset (liability) value attributable to shareholders as at the end of latest full financial year or interim period <i>(HK\$' million)</i> <i>(Note 2)</i> (c)	P/E Ratios <i>(times)</i> (a)/(b)	P/B Ratios <i>(times)</i> (a)/(c)
Sunkwan Properties Group Limited (6900)	Property development, property leasing and project management	169.98	277.55	2,155.62	0.61	0.08
Leading Holdings Group Limited (6999)	Property development, commercial property operations, hotel operations and project management	379.97	542.16	8,766.59	0.70	0.04
Huijing Holdings Company Limited (9968)	Property development and investment business	415.07	284.31	3,054.10	1.46	0.14
			Statistics:	Min	0.61	0.04
				Max	73.98	2.50
				Mean	11.43	0.31
				Median	3.33	0.14
The Company		2,047.02	184.45		11.70	0.65
					<i>(Note 3)</i>	<i>(based on the audited net asset value per Share of HK\$2.69, see Note 4)</i>
						0.65 <i>(based on the unaudited net asset value per Share of HK\$2.70, see Note 5)</i>
						0.45 <i>(based on the Adjusted Unaudited NAV per Share of HK\$3.92)</i>

Source: The Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Cancellation Price of HK\$1.75 per H Share and the earning per Share of approximately RMB0.13 or HK\$0.15 (calculated based on the consolidated audited profit for the year attributable to owners of the Company of approximately RMB166.18 million for the year ended 31 December 2021 and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).
4. Based on the Cancellation Price of HK\$1.75 per H Share and the audited net asset value per Share of approximately HK\$2.69 calculated with reference to the consolidated audited net asset value of the Company of approximately RMB2,990.19 million as at 31 December 2021 per the 2021 Annual Report and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).
5. Based on the Cancellation Price of HK\$1.75 per H Share and the unaudited net asset value per Share of approximately HK\$2.70 calculated with reference to the consolidated unaudited net asset value of the Company of approximately RMB2,995.75 million as at 30 June 2022 per the 2022 Interim Report and the 1,233,144,000 Share issued (both Domestic Shares and H Shares) as at the Latest Practicable Date).
6. 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 RMB0.90093 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 0.61 time to approximately 73.98 times with 20 Property Comparables recorded net loss during their respective latest financial years. The P/E Ratio of the Company of approximately 11.70 times as implied by the Cancellation Price is above the median and mean P/E Ratio of the Property Comparables. The P/B Ratios of the Property Comparables as at the Latest Practicable Date range from approximately 0.04 time to approximately 2.50 times with mean of approximately 0.31 time and median of approximately 0.14 time. The P/B Ratios of the Company as implied by the Cancellation Price (i) the audited net asset value per Share of approximately 0.65 time based on the audited net assets of the Company as at 31 December 2021 according to the 2021 Annual Report; (ii) the unaudited net asset value per Share of approximately 0.65 time based on the unaudited net assets of the Company as at 30 June 2022 according to the 2022 Interim Report; and (iii) the Adjusted Unaudited NAV per Share of approximately 0.45 time are above the mean and median P/B Ratios of the Property Comparables. On that basis, we consider that the Cancellation Price is fair and reasonable.

(viii) Precedents of privatisation transactions

To further assess the fairness and reasonableness of the Cancellation Price, we have exhaustively searched for privatisation transactions (for our analysis purpose, we excluded proposals without cash consideration and lapsed transactions) of which joint announcements setting out the offer prices/cancellation prices for ordinary shares were made by Hong Kong listed companies from 1 August 2020 (being two years prior to the Last Trading Date) up to the Latest Practicable Date. We found 45 privatisation precedent cases (the “**Privatisation Precedents**”) which meet the aforesaid criteria for comparison. The Privatisation Precedents involved companies with different principal activities from various industries such as energy, packaging, hotel, banking and financial services, food and beverage, information technology and property development and management which therefore have different market fundamentals, asset bases, financial positions/performance and prospects. We noted that none of the Privatisation Precedents were with the same business combination as the Company. In addition, the Privatisation Precedents had different market capitalisation and trading liquidity and were conducted at periods of different economic and financial market cycles which would result in different considerations for their investors. For the reasons above, we are of the view that comparison analysis with the Privatisation Precedents is not applicable. Accordingly, we consider the analysis in the paragraphs (i) to (vii) above to be more relevant for the Independent H Shareholders.

RECOMMENDATION

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

- (i) the Cancellation Price represents a premium of approximately 15.13% over the closing price of the H Shares as quoted on the Stock Exchange on the Last Trading Date and approximately 44.63% over the average closing price of the H Shares during the 30 trading days up and including the Last Trading Date respectively;
- (ii) the Cancellation Price represents a premium of approximately 5.42% over the closing price of the H Shares as at the Latest Practicable Date;
- (iii) the Cancellation 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 11.70 times implied by the Cancellation Price is above the P/E Ratios of the two profit-making Electronic Comparables and comparable to the mean P/E Ratio of the Property Comparables respectively;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the P/S Ratio (being an alternative way to value the Company and the Electronic Comparables when majority of which were loss-making) of approximately 1.50 times implied by the Cancellation Price is above all the P/S Ratios of the Electronic Comparables;
- (vii) the P/B Ratios implied by the Cancellation Price over (i) the audited net asset value per Share of approximately 0.65 time based on the audited net assets of the Company as at 31 December 2021 according to the 2021 Annual Report; (ii) the unaudited net asset value per Share of approximately 0.65 time based on the unaudited net assets of the Company as at 30 June 2022 according to the 2022 Interim Report; and (iii) the Adjusted Unaudited NAV per Share of approximately 0.45 time are above mean and median P/B Ratios of the Property Comparables; and
- (viii) 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,

we consider that the terms of the Merger Agreement (including the Cancellation Price) 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 vote in favour of the resolution(s) in respect of the Merger at the H Share Class Meeting and the EGM respectively.

Yours faithfully,
For and on behalf of
Sorrento Capital Limited

Aaron Wong **Wesker Poon**
Managing Director *Managing Director*

Note: Mr. Aaron Wong 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. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than ten years of experience in corporate finance and investment banking. Both Mr. Aaron Wong and Mr. Wesker Poon have participated in and completed various advisory transactions in respect of the Takeovers Code.

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022 as extracted from the annual reports for the years ended 31 December 2019, 2020 and 2021 and the interim reports for the six months ended 30 June 2021 and 2022, respectively, published by the Company in accordance with the Listing Rules.

	For the six months ended 30 June 2022 <i>RMB'000</i> Unaudited	For the six months ended 30 June 2021 <i>RMB'000</i> Unaudited	For the year ended 31 December 2021 <i>RMB'000</i> Audited	For the year ended 31 December 2020 <i>RMB'000</i> Audited	For the year Ended 31 December 2019 <i>RMB'000</i> Audited
Revenue	326,356	360,937	1,296,192	1,544,536	1,688,153
Profit before income tax	6,597	10,774	235,419	249,956	313,713
Profit for the year attributable to owners of the Company	5,562	9,338	166,180	210,538	263,154
Total comprehensive income for the year attributable to owners of the Company	5,562	9,338	190,792	221,726	317,007
Income tax expense	1,035	1,436	69,239	39,418	50,559
Staff costs	56,651	52,466	144,072	110,632	108,040
Research and development costs	34,990	32,574	228,884	266,177	146,601
Finance costs	76,431	85,322	170,621	162,995	127,055
Earnings per share	0.005	0.008	0.135	0.171	0.213

There are no other items of income or expense which are material for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022.

The consolidated financial statements of the Group for the three years ended 31 December 2019, 2020 and 2021 were audited by BDO Limited. No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of the Group in respect of the Group's audited consolidated financial statements for the financial years ended 31 December 2019, 2020 and 2021.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021

The Company is required to set out or refer to in this document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2019; (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2020; and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (including the notes thereto) are set out from pages 37 to 123 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Financial Statements**”) which was published on 20 April 2020 on the Stock Exchange website <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000419.pdf>.

The audited consolidated financial statements of the Group for the year ended 31 December 2020 (including the notes thereto) are set out from pages 38 to 121 in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Financial Statements**”) which was published on 19 April 2021 on the Stock Exchange website <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041900840.pdf>.

The audited consolidated financial statements of the Group for the year ended 31 December 2021 (including the notes thereto) are set out from pages 37 to 119 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Financial Statements**”) which was published on 29 April 2022 on the Stock Exchange website <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901346.pdf>.

The 2019 Financial Statements, the 2020 Financial Statements and the 2021 Financial Statements are incorporated by reference into this document and form part of this document.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Company is required to set out or refer to in this 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 2022, 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 (“**2022 Interim Financial Statements**”). The 2022 Interim Financial Statements are set out from pages 2 to 16 in the interim report of the Company for the six months ended 30 June 2022 which was published on 12 August 2022 on the Stock Exchange

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0818/2022081800507.pdf>). The 2022 Interim Financial Statements are incorporated by reference into this document and form part of this document.

4. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2022, being the latest practicable date for the purpose of determining this statement of indebtedness prior to printing of this Composite Document, the Group had bank borrowings of RMB1,232 million which were secured by the Group's building and investment properties together with the personal guarantee given by Mr. Chen, the ultimate controlling shareholder and an executive director of the Company.

The Group also had bank borrowings amounting to RMB1,920 million which are unsecured and with guarantee given by Mr. Chen, the ultimate controlling shareholder and an executive director of the Company, the Company's ultimate holding company, a subsidiary of the Company and a related company which is wholly owned by Mr. Chen. In addition, the Group had an unutilised borrowing facility of RMB411 million which is unsecured and unguaranteed.

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. As at 31 July 2022, the Group had total lease liabilities of approximately RMB37 million.

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 31 July 2022, 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, there was no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

1. As disclosed in the interim report of the Company (the "**2022 Interim Results Announcement**") for the six months ended 30 June 2022 dated 12 August 2022, the unaudited profit for the period attributable to owners of the Company decreased by approximately 40.4% to approximately RMB5.6 million for the six months ended 30 June 2022 from approximately RMB9.3 million for the same period in 2021 is mainly due to the following factors:
 - (i) decrease in turnover relating to sales of mobile phones and accessories, particularly mobile phones, mobile phone cases/covers and tablet computers, by approximately 30.7%; and

- (ii) decrease in net rentals (being gross rental less direct operating expenses arising from lease of investment properties reimbursed from tenants) by approximately 24.1% mainly due to drop in rental income from property in Hangzhou, Zhejiang Province, the PRC as a result of continuous and ongoing impact of COVID-19 pandemic.
2. As disclosed in the 2022 Interim Report, the unaudited net cash generated from operating activities decreased by approximately 64.9% for the six months ended 30 June 2022 as compared with the same period in 2021 is mainly due to the following factors:
- (i) decrease in profit for the period as aforementioned;
 - (ii) increase in trade receivable by approximately 59.5% as at 30 June 2022 as compared with that as at 31 December 2021 mainly due to the delay in settlement by customers as affected by the COVID-19;
 - (iii) increase in properties under development and property, plant and equipment;
 - (iv) increase in inventories by approximately 46.5% as at 30 June 2022 as compared with that as at 31 December 2021 mainly due to stocking up raw materials and delay in despatch of goods to customers during the COVID-19;
 - (v) repayment of bank borrowings during the six months ended 30 June 2022; and
 - (vi) increase in other receivables, deposits and prepayments by approximately 69.5% as at 30 June 2022 as compared with that as at 31 December 2021 mainly due to increase in advances to suppliers.

6. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of property interests of the Group as at 31 July 2022 have been conducted by CBRE Limited, the independent professional valuer appointed by the Company. The market value of the aforesaid property interests attributable to the Group as at 31 July 2022 was approximately RMB6,506,400,000 (equivalent to approximately HK\$7,570,158,700.6 (*Note 4*)). Further details of the aforementioned property interests and the corresponding property valuation report prepared by CBRE Limited are set out in “Appendix II — Property Valuation Report” to this document (the “**Valuation**”).

The table below sets out the calculations of the adjusted consolidated net assets attributable to the Shareholders (the “Adjusted NAV”), which is calculated based on the audited consolidated net assets attributable to the Shareholders as at 31 December 2021 and the Valuation.

	<i>RMB'000</i>
Audited consolidated net assets attributable to owners of the Company as at 31 December 2021	2,990,192
<i>Add:</i>	
Revaluation surplus arising from the Valuation (<i>Note 1</i>)	1,558,816
<i>Subtract:</i>	
Deferred tax (<i>Note 2</i>)	<u>(389,704)</u>
Adjusted NAV as at 31 July 2022	<u>4,159,304</u>
Adjusted NAV per Share (HK\$) (<i>Note 3</i>) (<i>Note 4</i>)	<u>3.92</u>
Cancellation Price (HK\$)	<u>1.75</u>
Discount represented by the Cancellation Price to the Adjusted NAV per Share	<u>55.41%</u>

Notes:

1. Being the fair value of all the property interests held by the Group as at 31 July 2022 as assessed by CBRE less the fair value of all the property interests held by the Group adopted in the audited consolidated statement of financial position as per Group’s latest annual report, as at 31 December 2021 (the “Properties”), the accounting policy of which have been fully disclosed in the latest annual report of the Company.
2. Deferred PRC taxes are calculated based on the appreciated value of the Properties multiplied by the applicable tax rate of 25%.
3. Based on the number of total issued Shares as at the Latest Practicable Date.
4. Conversion from RMB to HK\$ equivalent is based on the published 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 “Website”). The exchange rate of RMB to HK\$ as at 31 July 2022 is not available on the Website and therefore the exchange rate of the closest date on 1 August 2022 is applied.
5. Certain figures and/or percentages included in the above table as provided by the Company have been subject to rounding adjustments.

The Cancellation Price of HK\$1.75 per H Share represents a discount of approximately 55.41% to the Adjusted NAV per Share.



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Estate Agent's Licence No.: C-004065

29 September 2022

EVOC Intelligent Technology Company Limited

EVOC Technology Building,
No. 31 Gaoxinzongsi 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 31 July 2022 (the “**Valuation Date**”).

Valuation Basis, Assumptions and Methodology

Our valuation is prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors (“**the HKIS**”), the RICS Valuation — Global Standards 2022 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 Market 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 both Market Approach and Income Approach. The Income Approach takes 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 proposals/parameters provided to us by the Group. In arriving at our opinion of value, we have adopted the Cost Approach. We have taken into account the accrued construction costs relevant to the stage of construction as at the valuation date, plus the land value assessed by Market Approach by making reference to comparable land sales evidence as available in the relevant market. We have relied on the construction costs information provided by the Group according to the stages of construction 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 properties held for future development, they are not currently under development nor with immediate development potential as the Group has no detailed development schemes in the immediate future and has not obtained all necessary consents or approvals for development.

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 31 July 2022, 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 2 September 2022 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, Ms. Luna Jia, Ms. Yerna Liu, Mr. Kenneth Ching and Mr. Bill Zhang have provided professional assistance and/or inspected the properties in August 2022. They are Chartered Surveyors/China Real Estate Appraisers or have more than 2 years' experience in the valuation of properties in the PRC.

Heightened Market Volatility

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Investment decisions should reflect this heightened level of volatility. Investment caution is advised in this regard.

Currency

Unless otherwise stated, all monetary amounts are stated in Renminbi (“RMB”), the official currency of the PRC. The exchange rate adopted in our valuation is approximately HKD1 = RMB0.85948 which was approximately the prevailing exchange rate at the Date of Valuation.

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

Note:

Mr. Lin Tien Chi, Stephen BSc(Surv), MHKIS, MRICS, RPS(GP), MCIREA is a qualified general practice surveyor and has over 15 years of valuation experience in the PRC and Hong Kong.

Summary of Values

No.	Property	Market value	Market value	Market value	Market value	Market value	Total Market	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	in existing state 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	—	—	30,100,000	—	—	30,100,000	100%	30,100,000
2	Shenzhen EVOC Hi-Tech Tower, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen City, Guangdong Province, the People's Republic of China	—	211,800,000	706,000,000	—	—	917,800,000	100%	917,800,000
3	Guangming EVOC Zhigu, Guangming High-tech Zone, Shenzhen, Guangdong Province, the People's Republic of China	—	209,000,000	904,000,000	—	—	1,113,000,000	100%	1,113,000,000
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 EVOC Zhigu, Gangzha District, Nantong, Jiangsu Province, the People's Republic of China	—	271,000,000	—	—	16,600,000	287,600,000	100%	287,600,000
6	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	—	11,300,000	270,300,000	—	—	281,600,000	100%	281,600,000
7	EVOC International Financial Centre, Huaqiao Town, Kunshan City, Jiangsu Province, the People's Republic of China	—	—	—	540,000,000	—	540,000,000	100%	540,000,000

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
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	
		Group I	Group II	Group III	Group IV	Group V			
8	Portion of Hermes Cove, Dianshanhu Town, Kunshan City, Jiangsu Province, the People's Republic of China	919,300,000	6,300,000	33,000,000	137,000,000	30,600,000	1,126,200,000	100%	1,126,200,000
9	Portion of Shengang Guoji A1, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	283,900,000	121,600,000	652,900,000	275,700,000	—	1,334,100,000	100%	1,334,100,000
10	Portion of Shengang Guoji A2, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	876,000,000	—	—	—	—	876,000,000	100%	876,000,000
	Total								
	RMB	<u>2,079,200,000</u>	<u>831,000,000</u>	<u>2,596,300,000</u>	<u>952,700,000</u>	<u>47,200,000</u>	<u>6,506,400,000</u>		<u>6,506,400,000</u>
	HKD	<u>2,419,100,100</u>	<u>966,900,000</u>	<u>3,020,800,000</u>	<u>1,108,500,000</u>	<u>54,900,000</u>	<u>7,570,200,000</u>		<u>7,570,200,000</u>

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 31 July 2022
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 RMB120,960, with the tenancy expiring on 14 June 2023.	RMB30,100,000 (100% interest attributable to the Group: RMB30,100,000)

Notes:

- Pursuant to the two Real Estate Title Certificates — Shen Fang Di Zi Di No. 3000525066 and Shen Fang Di Zi Di No. 3000525067, dated 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, for a term expiring on 15 November 2038 for industrial use (Factory).
- 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	
	Total	1,151.96	N/A

- 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. The Company 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 RMB26,000 to RMB28,500 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 31 July 2022
2. Shenzhen EVOC Hi-Tech Tower, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China	<p data-bbox="539 378 858 661">Shenzhen EVOC Hi-Tech Tower is a 17-storey research & development (R&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 data-bbox="539 697 858 1044">The property comprises various R&D office units with a total gross floor area of 42,348.58 sqm. In addition, there are 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 data-bbox="539 1081 858 1302">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 data-bbox="890 378 1145 789">As at valuation date, a portion of the property with a total gross floor area of approximately 21,124.2 sqm was leased to various third-party tenants, at a total monthly rent of approximately RMB3,052,000 with the latest tenancies expiring on 31 August 2024.</p> <p data-bbox="890 825 1145 1076">A portion of the property with a total gross floor area of approximately 11,420.76 sqm was self-occupied, and the remaining portion was vacant.</p>	<p data-bbox="1198 378 1406 406">RMB917,800,000</p> <p data-bbox="1198 442 1406 566">(100% interest attributable to the Group: RMB917,800,000)</p>

Notes:

1. Pursuant to the Real Estate Title Certificate — Shen Fang Di Zi Di No. 4000378476 dated 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, 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	11,420.76	
	Subtotal	11,420.76	N/A
Group III — held for investment by the Group	R&D Office	30,927.82	
	Other facilities*	140.25	
	Car parking spaces*	19,034.13	359
	Subtotal	50,102.20	359
	Total	61,522.96	359

* The areas 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:
- 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 RMB130 to RMB159 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.
 - 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:
- The Company 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;
 - The property is mortgaged to China Development Bank Shenzhen Branch for the loan amount of RMB300,000,000;
 - The Company 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:

Group	Market Value in existing state as at the Valuation Date
Group II — held and occupied by the Group	RMB211,800,000
Group III — held for investment by the Group	<u>RMB706,000,000</u>
Total	<u><u>RMB917,800,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
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 & development (R&D) office building, two 6-storey research & development (R&D) factory buildings and one 13-storey fully furnished apartment building, with a total gross floor area of approximately 199,779.98 sqm. In addition, there are 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, a portion of the property with a total gross floor area of approximately 120,322.8 sqm was leased to various third-party tenants, at a total monthly rent of RMB5,194,000 with the latest tenancies expiring on 31 May 2026.</p> <p>A portion of the property with a total gross floor area of approximately 59,398.58 sqm was self-occupied, and the remaining portion was vacant.</p>	<p>RMB1,113,000,000</p> <p>(100% interest attributable to the Group: RMB1,113,000,000)</p>

Notes:

- Pursuant to the Real Estate Title Certificate — Shen Fang Di Zi Di No. 8000109354 dated 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, 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 (sqm)	No. of car parking spaces
Group II — held and occupied by the Group	R&D Office	11,509.75	
	R&D Factory	16,570.60	
	Apartment (Dormitory)	<u>31,318.23</u>	
	Subtotal	<u>59,398.58</u>	<u>N/A</u>
Group III — held by the Group for investment	R&D Office*	46,848.58	
	R&D Factory	75,319.28	
	Apartment (Dormitory)*	23,367.97	
	Car parking spaces**	<u>40,547.67</u>	<u>538</u>
	Subtotal	<u>186,083.50</u>	<u>538</u>
	Total	<u>245,482.08</u>	<u>538</u>

* 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:
- The Company 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;
 - 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;
 - The property is mortgaged to China CITIC Bank for a total loan amount of RMB1,190,000,000;
 - The Company 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 RMB55 per sqm per month for the R&D office portion, from RMB28 to RMB35 per sqm per month for the R&D factory portion, and from RMB22 to RMB32 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 RMB50 per sqm per month, RMB29 per sqm per month and RMB24 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:

Group	Market Value in existing state as at the Valuation Date
Group II — held and occupied by the Group	RMB209,000,000
Group III — held for investment by the Group	<u>RMB904,000,000</u>
Total	<u><u>RMB1,113,000,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
4. 60 units in Fu'an Yayuan, Guanlan Street, Bao'an District, Shenzhen, Guangdong Province, the People's Republic of China	<p data-bbox="539 378 858 697">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.</p> <p data-bbox="539 736 858 889">The property comprises 60 residential units in the Development, with a total gross floor area of approximately 5,311.36 sqm.</p> <p data-bbox="539 927 858 1140">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.</p>	As at valuation date, the property was self-occupied.	<p data-bbox="1198 378 1406 438">No Commercial Value</p> <p data-bbox="1198 476 1406 634">(100% interest attributable to the Group: No Commercial Value)</p>

Notes:

1. 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, for a term of 70 years expiring on 30 December 2080 for residential use.
2. 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 the Company, the building ownership of the property would be transferred to the Company at a total consideration of RMB40,856,093.12.

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	Residential	5,311.36	
	Total	<u>5,311.36</u>	<u>N/A</u>

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:
- The Company 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;
 - 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. For illustration purpose, assuming the restriction has been lifted and the property can be freely transferred in the market, the market value of the property as at the valuation date would be RMB42,500,000.
6. A summary of the major certificates/approvals is shown as follows:
- Real Estate Title Certificate Yes
7. For the purpose of this report, the property is classified into the group as "Group II — held for owner occupation 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 31 July 2022
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 230,019.40 sqm upon completion of the whole project.</p> <p>The property comprises a 5-storey R&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 at 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>RMB287,600,000</p> <p>(100% interest attributable to the Group: RMB287,600,000)</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.

3. 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.
4. 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.
5. 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 a 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	Gross Floor Area (sqm)	No. of car parking spaces
Group II — held and occupied by the Group	R&D Factory	72,743.00	
	Other facilities	<u>150.00</u>	
	Subtotal	<u>72,893.00</u>	<u>N/A</u>
Group V — held for future development by the Group	R&D Factory and other facilities	140,130.20	
	Car parking spaces	<u>16,996.20</u>	<u>382</u>
	Subtotal	<u>157,126.40</u>	<u>382</u>
	Total	<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:
 - a. Nantong EVOC Intelligent 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 property have been fully approved by the relevant government authorities;
- d. 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 RMB29 to RMB32 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 evidence of land in the locality which have similar characteristics as the subject property. The unit site value of these comparable land sites ranges from RMB384 to RMB411 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 (for completed portion) |
| e. Construction Work Commencement Permit | Yes (for completed portion) |
| f. Construction Work Completion and Inspection Certificate | Yes (for completed portion) |
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:

Group	Market Value in existing state as at the Valuation Date
Group II — held and occupied by the Group	RMB271,000,000
Group V — held for future development by the Group	<u>RMB16,600,000</u>
Total	<u><u>RMB287,600,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
6. 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>Hangzhou EVOC Hi-Tech Tower comprises two research & development (R&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&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, a portion of the property with a total gross floor area of approximately 44,632.9 sqm was leased to various third-party tenants, with a total monthly rent of RMB1,813,000 with the latest tenancies expiring on 31 May 2026.</p> <p>A portion of the property with a total gross floor area of approximately 2,618.40 sqm was self-occupied, and the remaining portion was vacant.</p>	<p>RMB281,600,000</p> <p>(100% interest attributable to the Group: RMB281,600,000)</p>

Notes:

- Pursuant to the Real Estate Title Certificate — Zhe (2017) Hangzhou Shi Bu Dong Chan Quan Di No. 0128940 dated 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	Retail	2,618.40	
	Subtotal	2,618.40	N/A
Group III — held for investment by the Group	R&D Office	44,138.92	
	Retail	1,110.64	
	Car parking spaces*	17,642.64	298
	Subtotal	62,892.20	298
	Total	65,510.60	298

* 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:
- 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;
 - The land use rights of the property can only be transferred as a whole and are not permitted for strata-sale;
 - 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 Land Resource Bureau of Hangzhou or the Government of Hangzhou Binjiang District;
 - The property is mortgaged to Bank of Communications Binjiang Branch for the loan amount of RMB415,470,000;
 - 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 illustration purpose, assuming the Government of Hangzhou Binjiang District and the Municipal Land Reserve Centre of Hangzhou will not exercise its rights of first purchase and the property can be freely transferred in the market, the market value of the property as at the valuation date, having regard to the existing tenancies and occupational arrangements, would be RMB335,500,000.

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:

Group	Market Value in existing state as at the Valuation Date
Group II — held and occupied by the Group	RMB11,300,000
Group III — for investment held by the Group	<u>RMB270,300,000</u>
Total	<u><u>RMB281,600,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
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 a retail podium with a total planned gross floor area of approximately 162,055.34 sqm, comprising a total aboveground gross floor area of approximately 130,006.25 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>	The property was under construction as at the valuation date with the expected completion date of June 2024.	RMB540,000,000 (100% interest attributable to the Group: RMB540,000,000)

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.

4. 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.
5. 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.
6. Pursuant to the Construction Work Commencement Permit No. 320583201612080201 dated 8 December 2016 and No. 20583201905140701 dated 14 May 2019 in favour of Jiangsu 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 162,055.34 sqm.

7. We have prepared our valuation on the following assumptions:

Group	Use	Planned Gross Floor Area (sqm)	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>
	Total	<u>162,055.34</u>	<u>639</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 RMB80,505,600;
 - 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. For the under development portion of the property, the capital value as if completed and according to the development scheme as at the valuation date was RMB1,271,000,000.

11. As advised by the Group, the construction cost incurred as of the valuation date was approximately RMB379,650,000 (inclusive of VAT). We have taken into account such costs in the course of our valuation.
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 |
| e. | Construction Work Commencement Permit | Yes |
13. 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 31 July 2022
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 87,698.67 sqm; under development portion in the north plot of Phase 3 with a total planned gross floor area of approximately 78,591.74 sqm and vacant land portion in the south plot of Phase 3 with a total gross floor area permissible of approximately 28,617.70 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. A portion of the unsold completed property with a total gross floor area of approximately 4,773.40 sqm was leased to various third-party tenants, at a total monthly rent of approximately RMB153,000 with the latest tenancies expiring on 15 February 2025.</p> <p>A 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>The north portion of Phase 3 was under construction as at the valuation date with the expected completion date of December 2024. The south portion of Phase 3 of the property was vacant land at the valuation date.</p>	<p>RMB1,126,200,000</p> <p>(100% interest attributable to the Group: RMB1,126,200,000)</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.

2. 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 7 sets of Construction Work Planning Permits, the construction works of portion of Phase 3 of the Property with a total permissible gross floor area of 78,591.74 sqm are in compliance with construction works requirements and have been approved.
6. Pursuant to Construction Work Commencement Permit No. 20583202109100101 dated 10 September 2021 in favour of Kunshan EVOC Intelligence Technology Co., Ltd., permission by the relevant local authority was given to commence the construction of a portion of Phase 3 of the Property with a total gross floor area of approximately 78,591.74 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 a 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) Gross Floor Area (sqm)	No. of car parking spaces
Group I — held for sale by the Group	Office	40,521.90	
	Residential	41,488.93	
	Car parking spaces*	<u>35,412.07</u>	<u>945</u>
	Subtotal	<u>117,422.90</u>	<u>945</u>
Group II — held and occupied by the Group	Office	914.44	
	Subtotal	<u>914.44</u>	<u>N/A</u>
Group III — held for investment by the Group	Office	4,773.40	
	Subtotal	<u>4,773.40</u>	<u>N/A</u>
Group IV — held under development by the Group	Retail	4,146.84	
	Hotel	42,387.85	
	Other facilities	113.36	
	Car parking spaces	<u>31,943.69</u>	
	Subtotal	<u>78,591.74</u>	
Group V — held for future development by the Group	Commercial and residential	28,617.70	627
	Subtotal	<u>28,617.70</u>	<u>627</u>
Total		<u>230,320.18</u>	<u>1,572</u>

* Portion of the carpark with a total gross floor area of approximately 11,166.91 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% (completed portion) or 9.3% (under development portion and 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. The property is free from mortgage or any other encumbrances;
- e. 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 RMB11,000 to RMB13,000 per sqm for the office portion, and from RMB15,000 to RMB29,200 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 RMB1,317 to RMB1,605 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. For the under development portion of the property, the capital value as if completed and according to the development scheme as at the valuation date was RMB465,100,000.
14. As advised by the Group, the construction cost incurred as of the valuation date for the under development portion was approximately RMB95,530,000 (inclusive of VAT). We have taken into account such costs in the course of our valuation.
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 (for under development portion) |
| e. | Construction Work Commencement Permit | Yes (for under development portion) |
| f. | Pre-sale Permit | Yes (for strata sale portion) |
| g. | Construction Work Completion and Inspection Certificate | Yes (for completed portions) |

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:

Group	Market Value in existing state as at the Valuation Date
Group I — held for sale by the Group	RMB919,300,000
Group II — held and occupied by the Group	RMB6,300,000
Group III — held for investment by the Group	RMB33,000,000
Group IV — held under development by the Group	RMB137,000,000
Group V — held for future development by the Group	<u>RMB30,600,000</u>
Total	<u><u>RMB1,126,200,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
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 apartments, 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 127,337.66 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, a portion of the unsold completed property with a total gross floor area of approximately 48,236.1 sqm was leased to various third-party tenants, at a total monthly rent of approximately RMB1,868,000 with the latest tenancies expiring on 14 October 2031.</p> <p>A portion of the property with a total aboveground gross floor area of approximately 5,999.08 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 October 2022.</p>	<p>RMB1,334,100,000</p> <p>(100% interest attributable to the Group: RMB1,334,100,000)</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.
- 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 3202012017X0043 dated 7 March 2017, 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 (<i>sqm</i>)	No. of car parking spaces
Group I — held for sale by the Group	Office	8,172.12	
	Commercial Apartment	<u>24,777.30</u>	
	Subtotal	<u>32,949.42</u>	<u>N/A</u>
Group II — held and occupied by the Group	Retail	878.78	
	Other Facilities	5,120.30	
	Car parking spaces	<u>47,193.08</u>	<u>965</u>
	Subtotal	<u>53,192.16</u>	<u>965</u>
Group III — held for investment by the Group	Office	39,919.97	
	Retail	<u>48,469.19</u>	
	Subtotal	<u>88,389.16</u>	<u>N/A</u>
Group IV — held under development by the Group	Office	44,606.00	
	Car parking spaces	<u>17,590.00</u>	<u>316</u>
	Subtotal	<u>62,196.00</u>	<u>316</u>
Total		<u><u>236,726.74</u></u>	<u><u>1,281</u></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% (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 RMB1,100,000,000;
 - 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 RMB8,600 to RMB9,000 per sqm for the office portion, and from RMB10,000 to RMB12,000 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 RMB45 to RMB54 per sqm per month for the office portion, and from RMB100 to RMB125 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 RMB50 per sqm per month and RMB66 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. For the under development portion of the property, the capital value as if completed and according to the development scheme as at the valuation date was RMB315,700,000.
14. As advised by the Group, the construction cost incurred as of the valuation date for the under development portion was approximately RMB233,210,000 (inclusive of VAT). We have taken into account such costs in the course of our valuation.
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 (for completed and under development portions) |
| f. | Pre-sale Permit | Yes (for strata sale portion) |
| g. | Construction Work Completion and Inspection Certificate | Yes (for completed portion) |
| 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:

Group	Market Value in existing state as at the Valuation Date
Group I — held for sale by the Group	RMB283,900,000
Group II — held and occupied by the Group	RMB121,600,000
Group III — held for investment by the Group	RMB652,900,000
Group IV — held under development by the Group	<u>RMB275,700,000</u>
Total	<u><u>RMB1,334,100,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value in existing state as at 31 July 2022
10. Portion of Shengang Guoji A2, Xishan District, Wuxi City, Jiangsu Province, the People's Republic of China	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.	As at valuation date, the property was vacant.	RMB876,000,000 (100% interest attributable to the Group: RMB876,000,000)
	The total gross floor area of the Development is 140,016 sqm with an aboveground gross floor area of 81,006 sqm and an underground gross floor area of 59,010 sqm.		
	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 56,966.39 sqm.		
	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.		

Notes:

1. 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.
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 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.
4. 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.

5. 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 a total gross floor area of approximately 140,016 sqm.
6. 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 a 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 10,405.14 sqm of the Property have been sold but not delivered to the purchasers as at the valuation date, with a total consideration of RMB234,655,000. 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	56,966.39	
	Total	56,966.39	N/A

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 any seizure, 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 (for strata sale portion)
- 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

As at the Latest Practicable Date, the Offeror's sole director is Mr. Chen. The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this document (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this document, the omission of which would make any statement in this document misleading.

As at the Latest Practicable Date, the board of directors of EVOC Hi-Tech comprises Mr. Chen, Mrs. Chen and Ms. Chen Xi. The directors of EVOC Hi-Tech jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any of the statements in this document misleading.

As at the Latest Practicable Date, the Board comprises Mr. Chen and Mr. Geng Wen Qiang as executive Directors, and Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than those relating to the Offeror, EVOC Hi-Tech and any parties acting in concert with any of them but excluding Mr. Chen), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this document (other than those expressed by the sole director of the Offeror and the directors of EVOC Hi-Tech in their respective capacity as director(s) of the Offeror/EVOC Hi-Tech) have been arrived at after due and careful consideration and there are no other facts not contained in this document, the omission of which would make any statements in this document misleading.

2. SHARE CAPITAL

(a) Authorised and issued share capital

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

	<i>RMB</i>
Registered Share Capital:	
924,792,000 Domestic Shares of RMB0.10 each	92,479,200
308,352,000 H Shares of RMB0.10 each	<u>30,835,200</u>
Total	<u><u>123,314,400</u></u>
	<i>RMB</i>
Issued and fully paid:	
924,792,000 Domestic Shares of RMB0.10 each	92,479,200
308,352,000 H Shares of RMB0.10 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 2021, 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 of the Stock Exchange. 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. MARKET PRICES

The table below sets out the closing prices of the H Shares as quoted on the Stock Exchange on (1) the last trading day of each of the calendar months during the Relevant Period, (2) the Last Trading Date, and (3) the Latest Practicable Date:

Date	Closing price per H Share (HK\$)
28 February 2022	1.17
31 March 2022	1.15
29 April 2022	1.07
31 May 2022	1.09
30 June 2022	1.24
29 July 2022	1.15
1 August 2022 (Last Trading Date)	1.52
31 August 2022	1.66
27 September 2022 (Latest Practicable Date)	1.66

During the Relevant Period, the highest and lowest closing prices per H Share recorded on the Stock Exchange were HK\$1.66 on 29 August 2022 to 2 September 2022, 6–7, 9, 13, 15, 16, 19, 20, 22, 23, 26 and 27 September 2022, and HK\$0.99 on 15 March 2022, respectively.

4. DISCLOSURE OF INTERESTS IN THE SHARES BY THE COMPANY

(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) 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
Mr. Chen	Interest of a controlled corporation	878,552,400 (Note 1)	Domestic Shares	95.00%	71.24%
Mr. Chen	Interest of a controlled corporation	46,239,600 (Note 2)	Domestic Shares	5.00%	3.75%

Notes:

- These Domestic Shares are held by EVOC Hi-Tech which is owned as to 70.5% by Mr. Chen and 29.5% by Mrs. Chen, spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in EVOC Hi-Tech, Mr. Chen is deemed to be interested in all the Domestic Shares held by EVOC Hi-Tech in the Company pursuant to Part XV of the SFO.
- These Domestic Shares are held by Shenzhen Haoxuntong which is owned as to 100.0% by Mr. Chen. By virtue of Mr. Chen's holding of the entire interest 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.

Interests in the associated corporations

Director	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
Mr. Chen	EVOC Hi-Tech	Beneficial owner Interest of spouse	70.5% 29.5%
Mrs. Chen	EVOC Hi-Tech	Beneficial owner Interest of spouse	29.5% 70.5%

Notes:

Mrs. Chen is the spouse of Mr. Chen and therefore Mr. Chen is deemed to be interested in the shares held by Mrs. Chen and Mrs. Chen 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 (Note 1)	Registered and beneficial owner of the Domestic Shares	878,552,400	Domestic Shares	95.00%	71.25%
Mr. Chen (Note 1)	Interest of a controlled corporation	878,552,400	Domestic Shares	95.00%	71.25%
Shenzhen Haoxuntong (Note 2)	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%
Mr. Chen (Note 2)	Interest of a controlled corporation	46,239,600	Domestic Shares	5.00%	3.75%

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.

(c) Interests discloseable under Schedule II of the Takeovers Code

Save as disclosed under subsection (a) and (b) of this section, 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 Relevant Period;
- (ii) 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. Except for Mr. Chen, 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, or 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 Relevant 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 Relevant 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 an associate of 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) under definitions of 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 Relevant 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 Relevant 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 Merger; 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.

5. DISCLOSURE OF INTERESTS IN THE SHARES BY THE OFFEROR

(a) Interests of the Offeror in the Company

As at the Latest Practicable Date,

- (i) 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. Mr. Chen is the sole director of the Offeror.
- (ii) 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. The details of the shareholdings of Mr. Chen, Mrs. Chen, EVOC Hi-Tech and Shenzhen Haoxuntong in the Company have been disclosed under the section headed “4. DISCLOSURE OF INTERESTS IN THE SHARES BY THE COMPANY” in this appendix.

(b) Interests disclosable 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 acting in concert with it as set out in the paragraph 3(a) of this appendix, neither the Offeror nor parties acting in concert with it 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, excluding Shares held on behalf of non-discretionary investment clients of the CICC group (for the avoidance of doubt, members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code, are not considered to be concert parties of the Offeror);
- (ii) no one who owned or controlled shares, convertible securities, warrants, options or derivatives in respect of the Shares had irrevocably committed to vote in favour of or against the resolutions at the H Shareholders’ Class Meeting and/or at the EGM, or to accept or reject the Merger;

- (iii) save for the Merger Agreement, the Capital Increase Agreement and the transactions contemplated thereunder, 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 their concert parties during the Relevant Period;
- (iv) there was no agreement or arrangement (other than the Merger Agreement, the Capital Increase Agreement and the transactions contemplated thereunder) to which the Offeror was a party which related to the circumstances in which the Offeror might or might not invoke or seek to invoke a condition of the Merger;
- (v) other than the Cancellation Price to be paid by the Offeror for every H Share under the Merger, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the parties acting in concert with it to the H Shareholders in connection with the cancellation of the H Shares under the Merger;
- (vi) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror and any person acting in concert with it or (b) the Company, its subsidiaries or associated companies as at the Latest Practicable Date;
- (vii) neither the Offeror nor any parties acting in concert with it (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22) in the Company; and
- (viii) 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, or any convertible securities, warrants, options or derivatives in respect of the Shares (excluding non-proprietary trades conducted by members of the CICC group for and on behalf of clients of the CICC group) during the Relevant Period (for the avoidance of doubt, members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code, are not considered to be concert parties of the Offeror).

6. ARRANGEMENTS IN CONNECTION WITH THE MERGER**(1) Arrangements affecting the 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 Merger;
- (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 Merger or otherwise connected with the Merger; and
- (iii) there is no material contract entered into by the Offeror in which any Director has a material personal interest.

(2) Arrangements with the Company in connection with the Merger

As at the Latest Practicable Date, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares had irrevocably committed themselves to vote their Shares in favour of or against (as the case may be) the resolutions in respect of the Merger.

(3) Arrangements with the Offeror in connection with the Merger

- (i) Save as disclosed in section headed “3. PRINCIPAL TERMS OF THE MERGER AGREEMENT” in the “LETTER FROM THE BOARD”, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Merger.
- (ii) Save for the Merger Agreement, the Capital Increase Agreement and the transactions contemplated thereunder, there is no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Merger.
- (iii) As at the Latest Practicable Date, the Offeror did not have any intention to transfer, charge or pledge any Shares acquired pursuant to the Merger to any other person.

7. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business carried on or intended to be carried on by the members of the Group) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, which are or may be material.

- (i) The Merger Agreement; and
- (ii) The Capital Increase Agreement.

8. MATERIAL 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.

9. EXPERTS' QUALIFICATIONS AND CONSENT

The following are the names and qualifications of the experts whose letter, opinions or advice are contained or referred to in this document:

Name	Qualification
CICC	The financial adviser to the Offeror in respect of the Merger, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Sorrento Capital Limited	The Independent Financial Adviser, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
CBRE Limited	Independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this document with the inclusion therein of its opinions or reports, and the references to its name, opinions or reports in the form and context in which they respectively appear.

10. SERVICE CONTRACTS

The Company had entered into the following service agreements with the following 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:

- (1) the service contract entered into between the Company and Mr. Chen, pursuant to which Mr. Chen was appointed as an executive Director for a period from 29 June 2021 to the date of annual general meeting of 2024 and entitled to receive remuneration from the Company of RMB600,000 per year;
- (2) 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 10 June 2022 to the date of annual general meeting of 2025 and entitled to receive remuneration from the Company of RMB240,000 per year;
- (3) the service contract entered into between the Company and Ms. Xu Hai Hong, pursuant to which Ms. Xu Hai Hong was appointed as an independent non-executive Director for a period from 29 June 2021 to the date of annual general meeting of 2024 and entitled to receive remuneration from the Company of RMB20,000 per year; and
- (4) the service contract entered into between the Company and Ms. Li Qian, pursuant to which Ms. Li Qian was appointed as an independent non-executive Director for a period from 29 June 2021 to the date of annual general meeting of 2024 and entitled to receive remuneration from the Company of RMB12,000 per year.

Save as disclosed above, none of the Directors had any existing service contract 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 months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 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).

11. OTHER INFORMATION

- (1) The registered address of the Offeror is at 1701, 17/F, EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, PRC.
- (2) The sole director of the Offeror is Mr. Chen.
- (3) The principal member of the Offeror's concert group are as follows:

Name	Director(s)	Registered Office
Mr. Chen	N/A	N/A
Mrs. Chen	N/A	N/A
EVOC Hi-Tech	Mr. Chen, Mrs. Chen and Ms. Chen Xi	Unit B1, 20/F, EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, PRC
Shenzhen Haixuntong	Mr. Chen	Unit 2A1, EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, PRC

- (4) CICC is the financial adviser to the Offeror in relation to the Merger and its address is 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (5) The registered office address of the Company is EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, PRC and the principal place of business of the Company in Hong Kong is at Room 508A, 5/F, Harbour Crystal Centre, 100 Granville Road, Tsimshatsui, Kowloon, Hong Kong.
- (6) As at the Latest Practicable Date, the Board comprises two executive directors, namely Mr. Chen and Mr. Geng Wen Qiang; and three independent non-executive directors, namely Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong.
- (7) The address of the Independent Financial Advisor, Sorrento Capital Limited, is at 11/F, The Wellington, 198 Wellington Street, Hong Kong.
- (8) The address of the property valuer, CBRE Limited, is at 27/F, One Pacific Place, 88 Queensway, Admiralty, Hong Kong.
- (9) In case of inconsistency, the English version of this document shall prevail over the Chinese version.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this document until the date on which the Offer Period ends (both dates inclusive): (1) at the Company's liaison office in Hong Kong at Room 508A, 5/F, Harbour Crystal Centre, 100 Granville Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours (i.e. from 9:30 a.m. to 5:00 p.m. from Monday to Friday, excluding public holidays); (2) on the Company's website at www.evoc.com; and (3) on the SFC's website at www.sfc.hk:

- (1) the Articles;
- (2) the articles of association of the Offeror;
- (3) the annual reports containing the 2019 Financial Statements, 2020 Financial Statements and 2021 Financial Statements and the interim report containing the 2022 Interim Financial Statements;
- (4) the letter from the Board, the full text of which is set out in this document from page 15 to 35;
- (5) the letter from the Independent Board Committee, the full text of which is set out in this document from page 36 to 37;
- (6) the letter from the Independent Financial Adviser, the full text of which is set out in this document from page 38 to 74;
- (7) the property valuation report from CBRE Limited, a summary of which is set out in Appendix II of this document;
- (8) the material contract(s) referred to in the section headed "7. Material Contracts" in this appendix;
- (9) the letters of consent referred to in the section headed "9. Experts' Qualifications and Consent" in this appendix;
- (10) the Directors' service agreements/letters of appointment referred to in the section headed "10. Service Contracts" in this appendix; and
- (11) this document.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 an extraordinary general meeting (the “EGM”) of EVOC Intelligent Technology Company Limited (the “**Company**”) will be held at 19/F, EVOC Technology Building, No. 31 Gaoxinhongsi Road, Nanshan District, Shenzhen, the PRC on Wednesday, 19 October 2022 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the composite document (the “**Composite Document**”) jointly issued by the Company and Shenzhen EVOC Intelligence Technology Company Limited* (深圳市研祥智慧科技股份有限公司) (the “**Offeror**”) dated 30 September 2022.

AS SPECIAL RESOLUTION

1. (a) To consider and, if thought fit, to approve, confirm and ratify the Merger Agreement dated 8 August 2022 entered into between the Company and the Offeror and the Merger and the transactions contemplated under the Merger Agreement.
- (b) To consider and, if thought fit, to approve that any Director be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he may consider necessary, appropriate, expedient and in the interest of the Company to give effect to and in connection with any transactions contemplated under the Merger Agreement.

By Order of the Board
EVOC Intelligent Technology Company Limited*
Tsui Chun Kuen
Company Secretary

Shenzhen, PRC
30 September 2022

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the executive Directors of the Company are Mr. Chen Zhi Lie and Mr. Geng Wen Qiang; the independent non-executive Directors of the Company are Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong.

Notes:

1. As set out in the Composite Document, it is one of the conditions to the effectiveness of the Merger Agreement that the special resolution in the EGM approving the Merger under the Merger Agreement is passed by 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.
2. In order to determine the H Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 17 October 2022 to Wednesday, 19 October 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) or to the Company's correspondence address at EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC (for Domestic Shareholders), in each case not later than 4:30 p.m. on Friday, 14 October 2022. Shareholders whose names are recorded in the register of members of the Company on Wednesday, 19 October 2022 are entitled to attend the EGM.
3. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies (whether or not he/she is a Shareholder) to attend and vote at the EGM on his or her behalf. The form of proxy shall contain the number of the shares to be represented by the proxy. If several persons are authorised as the proxies of a Shareholder, the form of proxy shall specify the number and class of shares to be represented by each proxy.
4. The form of 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.
5. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harbour Road, Hong Kong (for H Shareholders) or to the Company's correspondence address at EVOC Technology Building, No. 31, Gaoxinzongsi Avenue, Nanshan District, Shenzhen, PRC (for Domestic Shareholders) not less than 24 hours prior to the holding of the EGM. If the form of proxy 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 form of proxy, be deposited at the specified place at the time set out in the form of proxy.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. 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.
7. The Company has the right to request a proxy who attends the EGM on behalf of a shareholder to provide proof of identity. If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his own identification document and a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other competent body of such legal person shareholder (except for a recognized clearing house as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its proxies).
8. The shareholder(s) attending the EGM shall bear the costs of accommodation, meals and transport.
9. Contact details of the Company in the PRC are as follows:

Address: EVOC Technology Building,
No. 31, Gaoxinzongsi Avenue,
Nanshan District,
Shenzhen, PRC

Telephone number: + 86-755 86255998

Email: sz.shichao@evoc.cn

Contact details of the Company in Hong Kong are as follows:

Address: Room 508A
5/F, Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui
Kowloon
Hong Kong

Telephone number: + 852 2375 5858

Facsimile: + 852 2375 7238



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 SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that an H Shareholders' class meeting (the "**H Shareholders' Class Meeting**") of EVOC Intelligent Technology Company Limited (the "**Company**") will be held at 19/F, EVOC Technology Building, No. 31 Gaoxinzongsi Road, Nanshan District, Shenzhen, the PRC on Wednesday, 19 October 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the composite document (the "**Composite Document**") jointly issued by the Company and Shenzhen EVOC Intelligence Technology Company Limited* (深圳市研祥智慧科技股份有限公司) (the "**Offeror**") dated 30 September 2022.

AS SPECIAL RESOLUTION

1. (a) To consider and, if thought fit, to approve, confirm and ratify the Merger Agreement dated 8 August 2022 entered into between the Company and the Offeror and the Merger and the transactions contemplated under the Merger Agreement.
- (b) To consider and, if thought fit, to approve that any Director be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he may consider necessary, appropriate, expedient and in the interest of the Company to give effect to and in connection with any transactions contemplated under the Merger Agreement.

By Order of the Board
EVOC Intelligent Technology Company Limited*
Tsui Chun Kuen
Company Secretary

Shenzhen, PRC
30 September 2022

* *For identification purpose only*

NOTICE OF H SHAREHOLDERS' CLASS MEETING

As at the date of this notice, the executive Directors of the Company are the executive Directors of the Company are Mr. Chen Zhi Lie and Mr. Geng Wen Qiang; the independent non-executive Directors of the Company are Ms. Wu Yan Nan, Ms. Li Qian and Ms. Xu Hai Hong.

Notes:

1. As set out in the Composite Document, it is one of the conditions to the effectiveness of the Merger Agreement that (a) the special resolution in the H Shareholders' Class Meeting approving the Merger under the Merger Agreement is 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; and (b) the number of votes cast against such resolution is not more than 10% of the votes attaching to the H Shares held by the Independent H Shareholders.
2. In order to determine the H Shareholders who will be entitled to attend and vote at the H Shareholders' Class Meeting, the register of members of the Company will be closed from Monday, 17 October 2022 to Wednesday, 19 October 2022, 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 Shareholders' 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) or to the Company's correspondence address at EVOC Technology Building, No. 31, Gaoxinzhongsi Avenue, Nanshan District, Shenzhen, PRC (for Domestic Shareholders), in each case not later than 4:30 p.m. on Friday, 14 October 2022. Shareholders whose names are recorded in the register of members of the Company on Wednesday, 19 October 2022 are entitled to attend the H Shareholders' Class Meeting.
3. A shareholder entitled to attend and vote at the H Shareholders' Class Meeting may appoint one or more proxies (whether or not he/she is a Shareholder) to attend and vote at the H Shareholders' Class Meeting on his or her behalf. The form of proxy shall contain the number of the shares to be represented by the proxy. If several persons are authorised as the proxies of a Shareholder, the form of proxy shall specify the number and class of shares to be represented by each proxy.
4. The form of 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.
5. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harbour Road, Hong Kong (for H Shareholders) or to the Company's correspondence address at EVOC Technology Building, No. 31, Gaoxinzhongsi Avenue, Nanshan District, Shenzhen, PRC (for Domestic Shareholders) not less than 24 hours prior to the holding of the H Shareholders' Class Meeting. If the form of proxy is signed by another person under a power of attorney or other authorisation documents given by the appointer, such

NOTICE OF H SHAREHOLDERS' CLASS MEETING

power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the form of proxy, be deposited at the specified place at the time set out in the form of proxy.

6. 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 Shareholders' Class Meeting on behalf of the appointer.
7. The Company has the right to request a proxy who attends the H Shareholders' Class Meeting on behalf of a shareholder to provide proof of identity. If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his own identification document and a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other competent body of such legal person shareholder (except for a recognized clearing house as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its proxies).
8. The shareholder(s) attending the H Shareholders' Class Meeting shall bear the costs of accommodation, meals and transport.
9. Contact details of the Company in the PRC are as follows:

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