

19 August 2020

To the H Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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

THE H SHARE OFFER

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

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

For each H ShareHK\$1.50 in cash

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

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

CONDITIONS OF THE H SHARE OFFER

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

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

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

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

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

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

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

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

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

Completion of the H Share Offer

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

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

OFFEROR'S INTENTION IN RELATION TO THE GROUP

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

INFORMATION AND PRINCIPAL BUSINESS OF THE OFFEROR

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

INFORMATION AND PRINCIPAL BUSINESS OF THE GROUP

Principal activities of the Group

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

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

Financial information of the Group

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

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

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

WARNING

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

Voluntary Withdrawal of Listing of the H Shares

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

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

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

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

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

PUBLIC FLOAT

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

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

CONFLICT OF INTEREST

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

MEETINGS

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

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

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

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

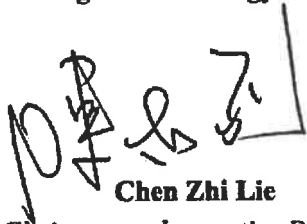
RECOMMENDATION

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

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
EVOC Intelligent Technology Company Limited*

A handwritten signature in black ink, appearing to be '陳志烈' (Chen Zhi Lie), written in a cursive style.

Chen Zhi Lie
Chairman and executive Director

** for identification purposes only*