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**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
	<b>RMB'000</b>	<b>RMB,000</b>	<b>Percent</b>
Revenue	<b>403,301</b>	513,455	-21.5%
Other income	<b>152,045</b>	135,151	+12.5%
(Loss)/profit attributable to owners of the Company	<b>(16,329)</b>	20,083	-181.3%
(Loss)/earnings per share Basic (RMB)	<b>(0.013)</b>	0.016	

The Directors do not recommend payment of dividend for the six months ended 30 June 2020 (2019: Nil).

## FINANCIAL RESULTS

The Board of directors (the “Directors”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020, together with the comparative unaudited results for the corresponding period in 2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2020*

	Notes	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	4	403,301	513,455
Cost of sales		<u>(332,908)</u>	<u>(427,068)</u>
Gross profit		70,393	86,387
Other income	4	152,045	135,151
Selling and distribution costs		(18,748)	(16,325)
Administrative expenses		(46,495)	(33,708)
Other operating expenses		(51,594)	(49,260)
Fair value loss on investment properties		(20,127)	—
Fair value loss on transfer of properties held for sales to investment properties		(355)	—
Finance costs		<u>(106,421)</u>	<u>(98,898)</u>
(Loss)/profit before income tax	6	(21,302)	23,347
Income tax credit/(expense)	7	<u>4,973</u>	<u>(3,264)</u>
(Loss)/profit for the year attributable to owners of the Company		(16,329)	20,083
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of land and buildings		<u>7,087</u>	<u>—</u>
Other comprehensive income for the year, net of tax		7,087	—
Total comprehensive (expense)/income for the period attributable to owners of the Company		<u>(9,242)</u>	<u>20,083</u>
(Loss)/earnings per share — Basic and diluted	9	<u>(RMB0.013)</u>	<u>RMB0.016</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	797,186	804,106
Investment properties		2,093,699	2,112,208
Right-of-use assets		86,858	93,695
Deferred tax assets		25,846	25,846
<b>Total non-current assets</b>		<b><u>3,003,589</u></b>	<b><u>3,035,855</u></b>
<b>Current assets</b>			
Inventories	<i>11</i>	167,856	71,234
Properties under development		654,161	623,257
Properties held for sale		1,447,243	1,441,438
Trade receivables	<i>12</i>	380,849	295,607
Bills receivable		122,210	115,357
Other receivables, deposits and prepayments		215,405	319,896
Contract costs		1,532	1,780
Due from related companies		—	2,831
Cash and bank balances		1,661,926	1,281,633
<b>Total current assets</b>		<b><u>4,651,182</u></b>	<b><u>4,153,033</u></b>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	940,301	1,000,062
Bills payable	<i>13</i>	139,635	100,238
Contract liabilities		86,147	104,942
Other payables, accruals and receipts in advance		456,244	330,175
Due to related companies		—	142
Lease liabilities		12,023	8,815
Bank borrowings	<i>14</i>	920,000	781,225
Income tax payable		—	76,112
<b>Total current liabilities</b>		<b><u>2,554,350</u></b>	<b><u>2,401,711</u></b>
<b>Net current assets</b>		<b><u>2,096,832</u></b>	<b><u>1,751,322</u></b>
<b>Total assets less current liabilities</b>		<b><u>5,100,421</u></b>	<b><u>4,787,177</u></b>

		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Bank borrowings	<i>14</i>	<b>2,090,830</b>	1,760,018
Other payables, accruals and receipts in advance		<b>10,952</b>	10,487
Lease liabilities		<b>49,013</b>	55,046
Deferred tax liabilities		<b>381,194</b>	383,952
		<u><b>2,531,989</b></u>	<u>2,209,503</u>
<b>Total non-current liabilities</b>		<u><b>2,531,989</b></u>	<u>2,209,503</u>
<b>NET ASSETS</b>		<u><b>2,568,432</b></u>	<u>2,577,674</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>123,314</b>	123,314
Reserves		<b>2,445,118</b>	2,454,360
		<u><b>2,568,432</b></u>	<u>2,577,674</u>
<b>TOTAL EQUITY</b>		<u><b>2,568,432</b></u>	<u>2,577,674</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Properties revaluation reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	<b>123,314</b>	<b>8,586</b>	<b>102,732</b>	<b>533,868</b>	<b>373</b>	<b>1,808,801</b>	<b>2,577,674</b>
(Loss)/profit for the period	—	—	—	—	—	(16,329)	(16,329)
Other comprehensive income for the period	—	—	—	<b>7,087</b>	—	—	<b>7,087</b>
Total comprehensive income/(expense) for the period	—	—	—	<b>7,087</b>	—	(16,329)	(9,242)
At 30 June 2020 (unaudited)	<b><u>123,314</u></b>	<b><u>8,586</u></b>	<b><u>102,732</u></b>	<b><u>540,955</u></b>	<b><u>373</u></b>	<b><u>1,792,472</u></b>	<b><u>2,568,432</u></b>
At 1 January 2019	123,314	8,586	79,942	478,522	543	1,568,437	2,259,344
Profit and total comprehensive income for the period	—	—	—	—	—	20,083	20,083
At 30 June 2019 (unaudited)	<b><u>123,314</u></b>	<b><u>8,586</u></b>	<b><u>79,942</u></b>	<b><u>478,522</u></b>	<b><u>543</u></b>	<b><u>1,588,520</u></b>	<b><u>2,279,427</u></b>

## CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	56,683	78,511
NET CASH USED IN INVESTING ACTIVITIES	(9,718)	(128,569)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>333,327</u>	<u>235,422</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	380,292	185,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,281,634</u>	<u>1,079,953</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,661,926</u>	<u>1,265,317</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCE	1,661,926	1,265,317
Less: Pledged bank balances	<u>(2,097)</u>	<u>—</u>
CASH AND CASH EQUIVALENTS	<u>1,659,829</u>	<u>1,265,317</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

EVOC Intelligent Technology Company Limited (the “Company”) is a joint stock limited liability company established in the People’s Republic of China (the “PRC”). The address of its registered office and principal place of business is located at EVOC Technology Building, No. 31 Gaoxinzongsi Avenue, Nanshan District, Shenzhen, the PRC.

### 2. PRINCIPAL ACTIVITIES

The Group is principally engaged in the research, development, manufacture and distribution of special computer products, assembling and trading of electronic products and accessories and development of properties in the PRC. Special computer is a computer system built to allow users to adopt hardware and software applications to perform a dedicated function or a range of dedicated functions such as data processing, generating, interpreting and executing control signals, etc. and is embedded into a product, device or a larger system. Special computer products manufactured and distributed by the Group are widely applied in areas of tele-communication, industrial, electricity generation, video frequency control, transportation, Internet, commerce and finance, etc.

### 3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements were unaudited but have been reviewed by the audit committee of the Company.

The Company was established in the PRC on 18 December 2000 as a joint stock limited company under the PRC’s Company Law and its H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “GEM”) on 10 October 2003. The Company transferred from the GEM to the Main Board of the Stock Exchange on 12 July 2010.

The Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and under the historical cost convention, as modified for the revaluation of buildings and investment properties.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2020. The adoption of such standards, amendments and interpretations do not have material effect on these results.

#### 4. TURNOVER AND OTHER INCOME

Turnover represents the invoiced value of goods sold and services provided to customers, net of estimated customer returns, rebates and other similar allowances and excludes value added tax.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Turnover		
Sales of special computer products ( <i>Note</i> )	<b>261,205</b>	186,122
Sales of electronic products and accessories ( <i>Note</i> )		
— Computer components	—	836
— Mobile phones and accessories	<b>117,497</b>	314,446
Sales of properties	<b>24,599</b>	12,051
	<b>403,301</b>	513,455
Other income		
Gross rentals from investment properties	<b>75,563</b>	94,929
Less: direct operating expenses (including repairs and maintenance) arising from leasing of investment properties	<b>(23,964)</b>	(32,013)
	<b>51,599</b>	62,916
Bank interest income	<b>5,656</b>	5,433
Government subsidies	<b>43,475</b>	35,958
Repairs and maintenance income	<b>2,974</b>	2,768
Sub-contracting income	<b>7,981</b>	11,197
Miscellaneous income	<b>41,819</b>	17,181
Foreign exchange differences, net	<b>(1,459)</b>	(302)
	<b>152,045</b>	135,151
	<b>555,346</b>	648,606

*Note:* 2019 figures adjusted after re-classification

## 5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the “CODM”) that are used to make strategic decisions.

The Group has two reportable and operating segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Research, development, manufacture and distribution of special computer products, assembling and trading of electronic products and accessories
- Development of properties for sale and investment purposes

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Corporate expenses, corporate assets and corporate liabilities are not allocated to the reportable segments as they are not included in the measure of the segments’ profit, segments’ assets and segments’ liabilities that are used by the CODM for assessment of segment performance.

### (a) Information about profit or loss, assets and liabilities

*For the six months ended 30 June 2020*

	Special computer products and electronic products and accessories <i>RMB’000</i>	Property development <i>RMB’000</i>	Total <i>RMB’000</i>
External revenue	<u>378,702</u>	<u>24,599</u>	<u>403,301</u>
<b>Reportable segment profit/(loss)</b>	<b><u>39,417</u></b>	<b><u>(48,659)</u></b>	<b><u>(9,242)</u></b>
As at 30 June 2020			
<b>Reportable segment assets</b>	<b>2,653,591</b>	<b>3,363,405</b>	<b>6,016,996</b>
<b>Reportable segment liabilities</b>	<b><u>1,223,079</u></b>	<b><u>1,338,158</u></b>	<b><u>2,561,237</u></b>

*For the six months ended 30 June 2019*

	Special computer products and electronic accessories <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
External revenue	501,404	12,051	513,455
<b>Reportable segment profit/(loss)</b>	<b>51,733</b>	<b>(31,650)</b>	<b>20,083</b>
As at 30 June 2019			
<b>Reportable segment assets</b>	1,438,042	3,547,566	4,985,608
<b>Reportable segment liabilities</b>	<b>565,488</b>	<b>773,627</b>	<b>1,339,115</b>

**(b) Reconciliation of reportable segment profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Reportable segment (loss)/profit</b>	<b>(9,242)</b>	20,083
Unallocated corporate expenses	<b>94,361</b>	102,162
Finance costs	<b>(106,421)</b>	(98,898)
<b>(Loss)/profit before income tax</b>	<b>(21,302)</b>	23,347

**6. (LOSS)/PROFIT BEFORE INCOME TAX**

(Loss)/profit before income tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories recognised as an expense	<b>308,943</b>	395,055
Cost of sales of properties recognised as an expense	<b>23,964</b>	32,013
Depreciation of property, plant and equipment	<b>28,209</b>	21,097
Amortisation of prepaid land leases payment	—	866
Minimum lease payments under operating leases	—	2,188
Research and development costs	<b>46,456</b>	43,820
Staff costs (including directors' emoluments):		
Wages, salaries, bonus and allowances	<b>47,506</b>	46,520
Contributions to retirement benefits schemes	<b>4,276</b>	6,676

## **7. INCOME TAX (CREDIT)/EXPENSE**

In accordance with the PRC Enterprise Income Tax Law, the PRC EIT is calculated at 25% on the estimated assessable profit for the year. Certain of the Company's subsidiaries established in the PRC are exempted from income tax for two years starting from their first profit making year after utilisation of tax losses brought forward and are entitled to 50% relief on the income tax in the following three years. One of these subsidiaries is entitled to 50% relief on the income tax (2019: 50% relief from income tax).

The Company which has been approved as new and high technology enterprise is entitled to a concessionary tax rate of 15%. The Company needs to re-apply for the preferential tax treatment when the preferential tax period expires on 1 December 2020.

Other subsidiaries are subject to income tax rate of 25% (2019: 25%) during the reporting period.

The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax under a two-tiered profits tax rates regime. The first HK\$2 million of profits are taxed at 8.25%, and the remaining profits above HK\$2 million are taxed at 16.5%.

No Hong Kong profits tax has been provided for the years ended 31 December 2019 and 2018 as there was no estimated assessable profit.

## **8. DIVIDENDS**

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2020 (2019: Nil).

## **9. (LOSS)/EARNINGS PER SHARE**

The calculation of basic (loss)/earnings per share attributable to the owners of the Company for the six months ended 30 June 2020 is based on the unaudited (loss)/profit for the six months ended 30 June 2020 of approximate RMB(16,329,000) (2019: approximate RMB20,083,000) and the weighted average number of domestic and H shares in issue of 1,233,144,000 (2019: 1,233,144,000) during the period.

There was no dilutive potential domestic and H shares in issue during the reporting period, the amount of diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2020 and 2019.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost or valuation:</b>							
As at 1 January 2020	719,935	110,613	26,254	119,916	16,521	18,538	1,011,777
Additions	—	8,398	—	3,441	—	—	11,839
Revaluation surplus	717	—	—	—	—	—	717
As at 30 June 2020	<u>720,652</u>	<u>119,011</u>	<u>26,254</u>	<u>123,357</u>	<u>16,521</u>	<u>18,538</u>	<u>1,024,333</u>
<b>Accumulated depreciation:</b>							
As at 1 January 2020	—	90,083	20,280	84,118	13,190	—	207,671
Charge for the period	8,733	15,356	2,763	1,252	105	—	28,209
Eliminated on revaluation	(8,733)	—	—	—	—	—	(8,733)
As at 30 June 2020	<u>—</u>	<u>105,439</u>	<u>23,043</u>	<u>85,370</u>	<u>13,295</u>	<u>—</u>	<u>227,147</u>
<b>Carrying amount:</b>							
As at 30 June 2020 (unaudited)	<u>720,652</u>	<u>13,572</u>	<u>3,211</u>	<u>37,987</u>	<u>3,226</u>	<u>18,538</u>	<u>797,186</u>
As at 31 December 2019 (audited)	<u>719,935</u>	<u>20,530</u>	<u>5,974</u>	<u>35,798</u>	<u>3,331</u>	<u>18,538</u>	<u>804,106</u>

## 11. INVENTORIES

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Raw materials	90,159	44,785
Work-in-progress	11,032	18,856
Finished goods	<u>67,981</u>	<u>8,909</u>
	169,172	72,550
Less: Allowance for inventories	<u>(1,316)</u>	<u>(1,316)</u>
	<u>167,856</u>	<u>71,234</u>

## 12. TRADE RECEIVABLES

Goods sold to customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranged from 30 days to 90 days, extending up to 180 days for major customers. Each customer has a maximum credit limit.

The ageing analysis of gross trade receivables at the end of reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0 to 90 days	362,448	275,362
91 to 180 days	5,338	11,659
181 to 365 days	4,871	146
Over 365 days	8,192	8,440
	<hr/>	<hr/>
Gross trade receivables	380,849	295,607
Less: Allowance for impairment loss	—	—
	<hr/>	<hr/>
	<b>380,149</b>	<b>295,607</b>
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## 13. TRADE AND BILLS PAYABLES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade payables	940,301	1,000,062
Bills payable	139,635	100,238
	<hr/>	<hr/>
	<b>1,079,936</b>	<b>1,100,300</b>
	<hr/> <hr/>	<hr/> <hr/>

The following is the ageing analysis of trade payables:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0 to 90 days	713,524	775,775
91 to 180 days	31,470	59,533
181 to 365 days	46,270	16,996
Over 365 days	149,037	147,758
	<hr/>	<hr/>
	<b>940,301</b>	<b>1,000,062</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. BANK BORROWINGS

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Secured bank borrowings	<b><u>3,010,830</u></b>	<u>2,541,243</u>

At the end of reporting period, total bank borrowings were scheduled to be repaid as follows:

— On demand or within one year	<b>920,000</b>	781,225
— After one year but within two years	<b>570,000</b>	595,400
— After two years but within five years	<b>140,000</b>	429,618
— More than five years	<b><u>1,380,830</u></b>	<u>735,000</u>
	<b><u>3,010,830</u></b>	<u>2,541,243</u>

## 15. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
Registered, issued and fully paid:		
At 31 December 2019 and 30 June 2020	<b><u>1,233,144,000</u></b>	<u>123,314</u>
Of which:		
Domestic Shares of RMB0.1 each	<b>924,792,000</b>	92,479
Overseas listed H Shares of RMB0.1 each	<b><u>308,352,000</u></b>	<u>30,835</u>
	<b><u>1,233,144,000</u></b>	<u>123,314</u>

Domestic shares and overseas listed H shares are both ordinary shares of the Company. However, overseas listed H shares may only be subscribed for by, and traded in Hong Kong dollars between legal and natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC whereas domestic shares may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in Renminbi. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

## **16. CAPITAL COMMITMENT**

As at 30 June 2020, the Group had capital commitment contracted but not provided approximately RMB1,076.0 million (2019: approximately RMB511.8 million) respectively, mainly in respect of construction of a service outsourcing centre in Wuxi, the PRC, construction of commercial and residential properties in Kunshan, Jiangsu, the PRC and construction of production plants, office and staff quarters in Hangzhou, Zhejiang, the PRC.

## **17. RELATED PARTY TRANSACTION**

During the period under review, the Group did not have any material related party transactions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Turnover

For the six months ended 30 June 2020, the Group reported an unaudited revenue of approximate RMB403.3 million (2019: approximate RMB513.5 million), representing an approximate decrease of 21.5% as compared with the same period of last year, which was mainly due to decrease in sales of computer components.

	<b>30 June 2020</b> <i>RMB'000</i> (unaudited)	30 June 2019 <i>RMB'000</i> (unaudited)	Change <i>percent</i>
<b>Turnover</b>			
Sales of special computer products ( <i>Note</i> )	<b>261,205</b>	186,122	+40.3%
Sales of electronic products and accessories ( <i>Note</i> )			
— Computer components	—	836	—
— Mobile phones and accessories	<b>117,497</b>	314,446	-62.6%
Sales of properties	<b>24,599</b>	12,051	+104.1%
	<b>403,301</b>	513,455	

*Note:* 2019 figures adjusted after re-classification

#### Other income

For the six months ended 30 June 2020, the Group recorded an unaudited other income RMB152.0 million (2019: RMB135.2 million), representing an approximate increase of 12.4% as compared with the same period of last year. The increase was mainly due to Government subsidies.

#### Gross Profit

For the six months ended 30 June 2020, the gross profit margin was slightly increased to approximately 17.5% as compared to approximately 16.8% of the same period of last year. The increase of gross profit margin was mainly due to decrease in lower profit margin business.

#### Fair Value Changes

For the six months ended 30 June 2020, the Group record a fair value loss of approximately RMB20.1 million on investment properties and fair value loss of approximately RMB0.4 million on transfer of properties held for sale to investment properties.

## **Profit for the Period**

For the six months ended 30 June 2020, the Group recorded an unaudited net loss of approximate RMB16.3 million (2019: approximate RMB20.1 million), representing an approximate decrease of 181.3% as compared with the same period of last year. The decrease was mainly due to increase in financial cost and selling expenses.

## **Liquidity, Financial Resources and Gearing ratio**

As at 30 June 2020, the Group had shareholders' funds/net assets of approximate RMB2,568 million. It mainly comprised bank balances of approximate RMB1,662 million, inventories of approximate RMB168 million, properties under development approximate RMB654 million and trade and bills receivables of approximate RMB503 million. Long-term bank borrowings amounted to approximately RMB2,091 million. Current liabilities of the Group mainly comprised bank borrowings of approximate RMB920 million, trade and bills payable of approximate RMB1,080 million, contract liabilities and other payables and accruals of approximate RMB542 million. Net assets value per share of the Group is approximately RMB2.08.

As at 30 June 2020, the gearing ratio of the Group is approximately 66.4% (, December 2019 approximately 65.3%). It is defined as the Group's total liabilities over the total assets.

## **Pledge of Assets**

As at 30 June 2020, the Group has pledged certain of its property, plant and equipment, investment properties, lease prepayments and construction in progress having a total carrying amount of approximate RMB3,563 million (31 December 2019: approximate RMB3,442 million) as security for bank loans and general banking facilities granted to the Group. Except the above, there are no other charges on the Groups assets

## **Employee Information**

As at 30 June 2020, the Company had 845 full time employees and the total remuneration for the period was approximately RMB49.5 million (30 June 2019: approximate RMB46.5 million). The Group remunerates its employees based on performance, experience and prevailing industry practices. The Group also provides Mandatory Provident Fund benefits for its employees in Hong Kong and the Statutory Retirement Scheme for its employees in the PRC.

## **Contingent Liabilities**

As at 30 June 2020, the Group did not have any significant contingent liabilities.

## **Foreign Exchange Risks**

Since most of the transactions of the Group were denominated in Renminbi, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the period under review.

## **Capital Structure**

There has been no significant change in the capital structure during the period.

## **Significant Investment, material acquisitions and disposals**

The Group has no significant investment, material acquisitions or disposals during the period.

## **Business Review**

During the period under review, the Company continued to engage in the research, development, manufacture and sales of special computer products in the PRC. We dedicated our efforts to enhancing and transforming the traditional industries in the PRC. Meanwhile, the Company was also engaged in assembling and trading of electronic products and accessories and development of properties in the PRC.

As a result of the global spread and the ongoing outbreak of the novel coronavirus epidemic, the Chinese and global economies experienced different degrees of instability. The decline in business orders from domestic customers, the suspension or slowdown of production and operation activities, and the significant decrease in the demand for automation led to a sluggish special computer market. Customers' orders placed before the epidemic requested for delay in delivery, while many projects won in bidding were delayed and were ultimately cancelled. Some products had been produced and put into storage but were unable to be delivered as customers could not receive and sign for their parcels. Due to the delay in the resumption of production and work, domestic suppliers postponed the delivery of materials or even failed to supply those materials. This led to the difficulties in the supply of raw materials of special computers, and the supply price also rose to varying degrees. At the same time, during the epidemic period, as the Company was required to strictly comply with the relevant social distancing requirements, office area was expanded, leading to an increase in costs and expenses. Some employees work at home, which reduced the efficiency in communication and hindered work progress. In order to maximize the efforts in epidemic prevention, the Company continuously invested in epidemic prevention materials and epidemic prevention staff, which highlighted the problem of "difficult recruitment and expensive labour" and further pushed up the production and operation costs of the Company. As the epidemic continued to rage worldwide, domestic sales lagged behind and international trade weakened, resulting in serious impact on the domestic and overseas sales of special computer products.

In May 2020, the U.S. Department of Commerce imposed further sanctions on certain enterprises or institutions in China which were included in the Entity List. More export restrictions were imposed on ICs (integrated circuits) and industrial design software from the U.S. In mid year of 2020, the trade and diplomatic conflicts between China and the U.S. were escalated, which intensified the risks of the availability and the increase in price of imported raw materials for special computers. With increasing uncertainties over the international trade and diplomatic environment, the market lacked motivation for updating and iterating information products, and the new generation had lower consumption expectations, which reduced the market demand for special computers.

In face of the global epidemic and the changing development trends of the domestic and overseas markets, the Company adjusted its market expectations and operating strategies in a timely manner. It continued to apply the sales rule of “cash before delivery” to enhance cash flow and mitigate transaction risks. By optimizing the structure and system of distributors, internal delivery pressure could be alleviated and more customers would be served. The Company was more prudent in launching research and development projects for new products, and properly updated the structure of existing products, with a stronger focus on the market and customers in Mainland China.

#### ***Development of Science and Technology Industrial Park and Other Properties***

For the first half of 2020, the gross sales revenue from the construction of the Science and Technology Industrial Park amounted to approximately RMB24.6 million, mainly in Wuxi. Section A1 of Wuxi SHIOC International Outsourcing Base (“Wuxi”) has a completed gross floor area of approximately 177,000 sq.m., which consists of 12 office and commercial buildings that are currently in sale. Section A2 of Wuxi has a completed gross floor area of approximately 132,000 sq.m., which consists of 84 office buildings that are currently in sale. Phase 2 of Homer’s International Garden at Dianshan Lake in Kunshan was fully completed in 2019 with a gross floor area of approximately 56,000 sq.m. The first phase of the Nantong EVOC Science and Technology Park project was fully completed in 2019 with a gross floor area of approximately 72,800 sq.m., which consists of 39 office buildings. Huaqiao EVOC International Finance Center in Kunshan has been designed as a 250-metre high-rise building with 56 stories, and is expected to be fully completed in 2023.

### ***Revenue from Leased Properties***

For the period ending 30 June 2020, the total leased area of the Group reached 270,000 sq.m., achieving total property rental revenue of approximately RMB75.5 million, the average rental occupancy rate was approximately 80%. The EVOC Technology Building in Hangzhou was completed in 2017, and a gross floor area of approximately 66,000 sq.m. was rented other than a portion for self-use. EVOC High Profile Office Park in Guangming Hi-tech Park of Shenzhen was completed in early 2014 with a gross floor area of approximately 245,000 sq.m. The project includes one research and development office building, two buildings of plants and one furnished apartment building with an approximate gross floor area of 58,000 sq.m., 92,000 sq.m. and 55,000 sq.m. respectively, as well as an underground parking lot occupying approximately 40,000 sq.m.. Shenzhen EVOC Technology Building was completed in 2007 with a gross floor area of approximately 62,000 sq.m. Other than keeping a small portion for self-use, all the units in the building were rented. For Section A1 of Wuxi SHIOC International Outsourcing Base (“Wuxi”), offices with a gross floor area of approximately 50,000 sq.m. and commercial lots with a gross floor area of approximately 54,000 sq.m. were available for lease. Phases 1 and 2 of Homer’s International Garden at Dianshan Lake in Kunshan have a gross floor area of approximately 47,000 sq.m. for office use, and part of it was rented.

### **Research & Development and Products**

The Company was committed to independent innovation and continued to develop the research and applications of special computers. Various domestic research institutes and units applying the products were brought together by the Company to carry out close collaboration in the development and industrialization of products based on the intelligent node of industrial internet. We strengthened the suitable matching among hardware and software, as well as launching system solutions.

### ***Marketing and Brands***

The Company continued to adopt the diversified sales models including direct sales, distribution, online sales and offline sales, making full use of the online and offline resources. Marketing and communication efforts were fully integrated by engaging in distributor meetings, seminars, media partnerships, search engine bidding, information flow promotion and private media operation, while the marketing model of “live stream + community” was adopted on a trial basis during the epidemic.

Consistently aiming for professional development, the Company focused on building brand assets and the reputation for quality. It provided comprehensive product support and service through its branches, official website, customer hotline, WeChat public account and online shops. It continuously won the trust of its customers by quickly responding to their needs.

## **Outlook and Prospect**

Currently, due to the consistent outbreak of epidemic, the stalemate in the China-U.S. trade frictions and the intensification of protectionism, more risks and challenges are brought to the Chinese economy and even the world economy. The prevention and control of epidemic further increases production costs in Mainland China and diminishes the competitive edges of its manufacturing industry. The uncertainties about the epidemic development may lead to insufficient market information and creates negative impact on the market sales of special computers. There are increasing risks pertaining to the availability of and the price rise in foreign ICs, which poses relatively serious concerns to the continuous production and technological innovation of special computers. Meanwhile, as a result from the rising prices of basic supplies and changes in demographic structure, higher requirement are placed towards the management of the turnover costs of raw materials and the labour costs of special computers.

Looking forward, the Chinese economy and even the world economy will enter a “new norm” under the epidemic. Under the new opportunities and challenges ahead, the Company will seize the chances to continue to implement its business plan in a prudent manner. The Company will focus on the research and development of special computer products and speed up the application and innovation of intelligent software and hardware products.

## **INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES**

### **Corporate Governance Practices**

The Company has complied throughout the period under review with the code provisions set out in the Code on Corporate Governance (the “Code”) contained in Appendix 14 of the Listing Rules without any deviation. None of the Directors is aware of any information that would reasonably suggest that the Company is not or was not in compliance with the Code at any time during the period under review.

### **Securities Transactions**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding Directors’ securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the period from 1 January 2020 to 30 June 2020.

## **Audit Committee**

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Michael Yu Tat Chi, Mr. Ling Chun Kwok and Mr. Zhang Da Ming. Mr. Michael Yu Tat Chi is the Chairman of the audit committee. Written terms of reference of the audit committee which comply with the code provisions set out in the Code has been adopted by the Board. The audit committee is responsible for reviewing and supervising the Group's financial reporting procedures and internal control system and providing advice and recommendations to the Board of Directors. The committee meets in a semi-annual basis and the review covers the findings of internal auditors, internal controls, risk management and financial reporting matters. The audit committee had discussed with the management and reviewed the interim results of the Group for the six months ended 30 June 2020.

## **Remuneration and Review Committee**

The remuneration and review committee of the Company comprises one executive director Mr. Geng Wen Qiang, and two independent non-executive directors, Mr. Ling Chun Kwok and Mr. Zhang Da Ming. Mr. Ling Chun Kwok is the Chairman of the remuneration and review committee. Written terms of reference of the remuneration and review committee which comply with the code provisions set out in the Code has been adopted by the Board. The remuneration and review committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

## **Nomination Committee**

The nomination committee of the Company comprises one executive director Mr. Chen Zhi Lie, and two independent non-executive directors, Mr. Ling Chun Kwok and Ms. Wu Yan Nan. Mr. Chen Zhi Lie is the Chairman of the nomination committee. The nomination committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become the members of the Board and also reviewing the structure, size and composition of the Board on a regular basis and as required.

## Directors' and Supervisors' Interests in the Shares, Underlying Shares and Debentures

As at 30 June 2020, the interests and short positions of the Directors, supervisors (the "Supervisors") and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long position- interests in the Company

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

#### Notes:

1. These Domestic Shares are held by EVOC Hi-Tech. Holding Group Co., Ltd. which is owned as to 70.5% by Mr. Chen Zhi Lie (陳志列) ("Mr. Chen") and 29.5% by Ms. Wang Rong (王蓉), spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in EVOC Hi-Tech. Holding Group Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by EVOC Hi-Tech. Holding Group Co., Ltd. in the Company pursuant to Part XV of the SFO.
2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 100% by Mr. Chen. By virtue of Mr. Chen holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

**(b) Long position — interests in associated corporations**

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

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

## Substantial Shareholders

As at 30 June 2020, so far as the Directors are aware the persons who have an interest or short position in the shares 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 be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

### *Long positions in shares*

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

#### *Notes:*

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

Save as disclosed above:

- (i) As at 30 June 2020, none of the directors, supervisors or chief executives or their respective associates has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (if any) (within the meaning of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest which they are taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and
- (ii) As at 30 June 2020, so far as is known to any director or supervisor, there is no person (other than a Director or supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares 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 will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Enlarged Group or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

### **Directors' and Supervisors' Rights To Purchase Shares**

At no time during the period, the directors or supervisors (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meanings of the SFO Ordinance).

### **Share Option Scheme**

Up to 30 June 2020, the Company has not adopted any share option scheme or granted any option.

### **Competing Interests**

None of the directors, initial management shareholders or any of their respective associates (as defined in the Listing Rules) had any interests in any business which compete or is likely to compete with the business or Group, and none of them has other conflicts of interest with the Group.

### **Purchase, Sale or Redemption of Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

## **Sufficiency of Public Float**

According to information of the Company available to the public and to the knowledge of the Board, the Board confirms that the Company has maintained a sufficient public float up to the date of this report.

## **The H Share Offer and the Proposed Delisting**

Reference is made to (i) the Company and EVOC Hi-Tech Holding Group Co., Ltd (the “Offeror”) dated 22 June 2020 (the “Joint Announcement”) in relation to, among other things, the voluntary conditional H share offer (the “H Share Offer”) and the voluntary withdrawal of the listing of the H Shares from the Stock Exchange.

As disclosed in the Joint Announcement, the Offeror firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares at the price of HK\$1.5 in cash for each H Share. The H Share Offer is subject to the fulfilment of certain conditions as set out in the Joint Announcement, including the passing of resolutions by the Independent H Shareholders approving the Delisting at the H Share Class Meeting and the Extraordinary General Meeting. Please refer to the composite offer and response document to be despatched which will contain, among others, the expected timetable for the H Share Offer and the Delisting, as well as any other announcements that may be published by the Company and/or the Offeror.

## **Directors**

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

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

Shenzhen, PRC, 14 August 2020

*The Company’s 2020 interim results announcement and this interim report are published on the website of the Stock Exchange at (<http://www.hkex.com.hk>) and on the Company’s website at (<http://www.evoc.com>).*

\* *For identification purpose only*