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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)*

**(Stock code: 2308)**

**CONTINUING CONNECTED TRANSACTIONS**  
**PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

**PROPERTY MANAGEMENT SERVICES**

On 31 December 2018, the Company entered into the Property Management Services Framework Agreement with Feng Shui Long for the period from 1 January 2019 to 31 December 2021 pursuant to which the Company appointed Feng Shui Long to provide certain property management services in respect of the Property to the Actual Users.

Feng Shui Long is a company which is wholly owned by Ms. Wang, the spouse of Mr. Chen. Pursuant to Rule 14A.12(1)(c), Feng Shui Long is an associate of Mr. Chen, and hence is regarded as a connected person of the Company. In view of this, the transactions contemplated under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio calculated with reference to the maximum aggregate annual services fee payable to Feng Shui Long under the Property Management Services Framework Agreement for each of the three years ending 31 December 2021 is more than 0.1% but less than 5%, the transactions under the Property Management Services Framework Agreement are only subject to the announcement, annual review and reporting requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **PROPERTY MANAGEMENT SERVICES**

On 31 December 2018, the Company entered into the Property Management Services Framework Agreement with Feng Shui Long for a period from 1 January 2019 to 31 December 2021. The principal terms of the Property Management Services Framework Agreement are set out below.

- Parties:**
- (i) The Company; and
  - (ii) Feng Shui Long, a connected person of the Company.
- Term:** 1 January 2019 to 31 December 2021
- Scope of Services:** Feng Shui Long shall provide to the Actual Users a wide range of property management services including but not limited to:
- (i) public services: common area, public facilities and equipment repair and maintenance services, cleaning and gardening services, security services, cultural activity services; and
  - (ii) private services: job based services on repair and maintenance to private area, facilities and equipment, and other customer support services.
- Pricing Policy and Internal Control:** Pursuant to the Property Management Services Framework Agreement, the service fee charged by Feng Shui Long shall be determined with respect to the prevailing market rates and with reference to the fee charged by Feng Shui Long in providing similar property management services to any Independent Third Party in the ordinary course of business, and:
- (i) the service fee charged by Feng Shui Long shall be determined principally by arm's length commercial negotiation according to the principles of fairness and reasonableness;
  - (ii) the service fee charged by Feng Shui Long shall be similar to or not higher than those service fee it charged an Independent Third Party in providing similar property management services;

- (iii) the Company shall conduct market research on the comparable property management service charges from time to time. On the basis that the service fee shall be determined fairly and reasonably, if there are property management service providers which provide similar services on terms more favourable to the Company, the Company shall be entitled to re-negotiate with Feng Shui Long the service fee to be charged so that the abovesaid pricing policy will be complied with; and
- (iv) the Company shall be entitled to conduct annual review on the pricing of the service fee and the annual caps under the Property Management Services Framework Agreement.

**Annual caps:**

The maximum aggregate annual amount payable to Feng Shui Long under the Property Management Services Framework Agreement for the years ending 31 December 2019, 2020 and 2021 respectively shall not exceed the caps set out below:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total Services Fees	21,650	21,650	21,650

**Basis of caps:**

The above annual caps are determined with reference to (1) the gross floor area of the Property, (2) the gross building area of the Property, (3) the prevailing market rates of similar services, and (4) a reasonable buffer.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is principally engaged in the research, development, manufacture and distribution of special computer products, trading of electronic products and accessories and development of properties in the PRC.

### **Feng Shui Long**

Feng Shui Long is a company which is wholly owned by Ms. Wang, the spouse of Mr. Chen. Pursuant to Rule 14A.12(1)(c), Feng Shui Long is an associate of Mr. Chen, and hence is regarded as a connected person of the Company. Feng Shui Long is a qualified property management, facilities and equipment maintenance, security services and cleaning services contractor.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Feng Shui Long is a property management services company with ample experience in property management and a professional working team.

Prior to the entering into of the Property Management Services Framework Agreement, the Company managed the Property itself but noticed that it was not cost-effective as none of the companies in the Group is professionally engaged in property management. The appointment of a third party professional in property management allowed the Group to save the time of its employees to engage in the core business of the Group which would be more productive to the Company.

The Property Management Services Framework Agreement was entered into after arm's length negotiations between the Company and Feng Shui Long, which was chosen to provide the services to the Property to the Actual Users after taking into account the quality of services and the service fee to be charged by different property management service providers on the market.

The Board (including the independent non-executive Directors) considers that the terms and conditions of the Property Management Services Framework Agreement and the annual caps are fair and reasonable and on normal commercial terms or better to the Group, and the transactions under the Property Management Services Framework Agreement are in the usual and ordinary course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Mr. Chen had declared his interest in the transactions contemplated under the Property Management Services Framework Agreement by virtue of his connection to the shareholder of Feng Shui Long, and had abstained from voting on the relevant Board resolutions in respect of the Property Management Services Framework Agreement. Save as disclosed above, none of the Directors has an interest in the Property Management Services Framework Agreement and the transactions contemplated thereunder, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of the Property Management Services Framework Agreement.

## **LISTING RULES IMPLICATIONS**

Feng Shui Long is a company which is wholly owned by Ms. Wang, the spouse of Mr. Chen. Pursuant to Rule 14A.12(1)(c), Feng Shui Long is an associate of Mr. Chen, and hence is regarded as a connected person of the Company.

As the Property Management Services Framework Agreement is in connection with the provision of property management services by Feng Shui Long to the Actual Users which include the Company, the Directors consider that the transactions contemplated under the Property Management Services Framework Agreement constitute continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the maximum aggregate annual services fees payable to Feng Shui Long under the Property Management Services Framework Agreement for each of the three years ending 31 December 2021 is more than 0.1% but less than 5%, the transactions under the Property Management Services Framework Agreement are only subject to the announcement, annual review and reporting requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

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|----------------|--|
| “Actual Users” | the landlord of the Property, and for the parts of the Property which have been leased out, the respective tenants of the leased part of the Property;   |
| “associates”   | has the meaning ascribed to it under the Listing Rules;  |
| “Board”        | the board of Directors;  |
| “Company”      | 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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange; |

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Property Management Services Framework Agreement;
“Directors”	the directors of the Company;
“Domestic Share(s)”	Domestic share(s) of the Company with a nominal value of RMB0.1 each in the share capital of the Company;
“Feng Shui Long”	無錫風水隆物業管理有限公司深圳分公司 (WuXi Feng Shui Long Property Management Limited Shenzhen Branch), a company incorporated in the PRC with limited liability, which is a connected person of the Company under the Listing Rules;
“Group”	the Company and its subsidiaries;
“H Shareholders”	the holders of H Share(s);
“H Shares”	overseas listed foreign share(s) with a nominal value of RMB0.1 each in the capital of the Company which are listed on the Stock Exchange and are subscribed for and traded in Hong Kong Dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party independent of the Company and connected person of the Company pursuant to the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Mr. Chen”	Mr. CHEN Zhi Lie (陳志列), the chairman of the Board, an executive Director, the chairperson of the Nomination Committee, and an ultimate controlling Shareholder of the Company and is regarded as a connected person of the Company under the Listing Rules;
“Ms. Wang”	Ms. WANG Rong (王蓉), the spouse of Mr. Chen;
“percentage ratio(s)”	the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China;

“Property”	EVOC Intelligence Valley (研祥智谷) which is situated at Guangming New District, No. 11 Gaoxin Road, Shenzhen;
“Property Management Services Framework Agreement”	研祥智谷物業管理服務框架協議 (EVOC Intelligence Valley Property Management Services Framework Agreement) entered into between the Company and Feng Shui Long dated 31 December 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the Domestic Share(s) and the H Share(s);
“Shareholder(s)”	holder(s) of the Domestic Share(s) and the H Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules; and
“%”	per cent.

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

Shenzhen, PRC, 31 December 2018

*As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Geng Wen Qiang, and four independent non-executive directors, namely, Mr. Yu Tat Chi, Michael, Mr. Wen Bing, Mr. Dong Li Xin and Mr. Zhang Da Ming.*

\* *For identification purpose only*