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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- Revenue increased to approximately RMB2,312.7 million for the year ended 31 December 2014, representing as increase of approximately 27.4% (2013: approximately RMB1,814.8 million).
- Profit attributable to owners of the Company increased to approximately RMB119.6 million for the year end 31 December 2014, representing as increase 144.1% (2013: approximately RMB49.0 million).
- Earnings per share of the Company increased to approximately RMB0.097 for the year ended 31 December 2014 (2013: approximately RMB0.04).
- The Board recommended payment of final dividend of RMB0.015 per share for the year ended 31 December 2014 (2013: RMB0.015).

RESULTS

The Directors are pleased to present the consolidated results of EVOC Intelligent Technology Company Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2014, together with the comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Turnover	*4*	**2,312,702**	1,814,780
Cost of sales		**(2,072,727)**	(1,534,983)
Gross profit		**239,975**	279,797
Other income	*4*	**92,160**	91,279
Selling and distribution costs		**(43,099)**	(45,584)
Administrative expenses		**(44,337)**	(50,778)
Other operating expenses		**(68,217)**	(60,182)
Fair value gain on investment properties		**24,697**	3,458
Fair value gain on transfer of properties held for sale to investment properties		**1,097**	—
Impairment loss on properties held for sale		**—**	(55,824)
Finance costs		**(76,169)**	(78,025)
Profit before income tax	*5*	**126,107**	84,141
Income tax expense	*6*	**(6,511)**	(35,737)
Profit for the year		**119,596**	48,404
Other comprehensive income, after tax			
Items that will not be reclassified to profit or loss			
Surplus on revaluation of land and buildings		**166,799**	31,401
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**(10)**	229
Other comprehensive income for the year, net of tax		**166,789**	31,630
Total comprehensive income for the year		**286,385**	80,034
Profit attributable to:			
— Owners of the Company		**119,596**	48,980
— Non-controlling interests		**—**	(576)
		119,596	48,404

	Notes	Year ended 31 December **2014** *RMB'000*	2013 *RMB'000*
Total comprehensive income attributable to:			
— Owners of the Company		**286,385**	80,610
— Non-controlling interests		**—**	(576)
		286,385	80,034
Earnings per share — Basic and diluted *(RMB)*	*8*	**0.097**	0.040

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**915,004**	850,167
Investment properties		**530,439**	263,693
Prepaid land lease payments		**46,585**	47,598
Deferred tax assets		**26,269**	28,981
Total non-current assets		**1,518,297**	1,190,439
Current assets			
Inventories		**38,670**	33,569
Properties under development		**737,586**	905,576
Properties held for sale		**894,223**	503,781
Prepaid land lease payments		**1,016**	1,020
Trade receivables	*9*	**42,965**	63,746
Bills receivable	*9*	**23,009**	34,396
Other receivables, deposits and prepayments		**489,491**	317,989
Cash and bank balances		**251,750**	804,102
Total current assets		**2,478,710**	2,664,179
Current liabilities			
Trade payables	*10*	**278,306**	155,988
Bills payable	*10*	**2,341**	4,389
Other payables, accruals and receipts in advance		**661,994**	683,738
Bank borrowings		**919,000**	935,000
Income tax payable		**10,254**	43,277
Total current liabilities		**1,871,895**	1,822,392
Net current assets		**606,815**	841,787
Total assets less current liabilities		**2,125,112**	2,032,226
Non-current liabilities			
Bank borrowings		**470,000**	729,000
Deferred tax liabilities		**209,880**	126,344
Total non-current liabilities		**679,880**	855,344
NET ASSETS		**1,445,232**	1,176,882
CAPITAL AND RESERVES			
Share capital		**123,314**	123,314
Reserves		**1,321,918**	1,053,568
TOTAL EQUITY		**1,445,232**	1,176,882

Notes:

1. CORPORATE INFORMATION

The Company is a joint stock limited liability company established in the People's Republic of China (the "PRC"). The Group is principally engaged in the research, development, manufacture and distribution of Special Computer products, trading of electronic products and development of properties in the PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]

The adoption of the new/revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosure set out in these consolidated financial statements.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2012) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's consolidated financial statements.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. 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 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, manufacturing and distribution of Special Computer products and trading of electronic accessories

— Sales of development properties

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.

For the year ended 31 December 2014

	Special Computer products and electronic accessories *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
External revenue	**2,359,697**	**(46,995)**	**2,312,702**
Reportable segment profit/(loss)	**160,252**	**(71,851)**	**88,401**
Interest income	**6,247**	**53**	**6,300**
Depreciation and amortisation	**(23,707)**	**(2,401)**	**(26,108)**
Reversal of impairment loss on trade receivables	**8,398**	**—**	**8,398**
Reversal of impairment loss on inventories	**1,808**	**—**	**1,808**
Reportable segment assets	**1,357,640**	**1,577,568**	**2,935,208**
Additions to non-current assets	**25,980**	**65,906**	**91,886**
Reportable segment liabilities	**(1,411,837)**	**(509,804)**	**(1,921,641)**

For the year ended 31 December 2013

	Special Computer products and electronic accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
External revenue	1,691,064	123,716	1,814,780
Reportable segment profit/(loss)	152,731	(82,834)	69,897
Interest income	24,505	37	24,542
Depreciation and amortisation	(16,513)	(2,717)	(19,230)
Impairment loss on trade receivables	(6,683)	—	(6,683)
Reversal of impairment loss on inventories	3,046	—	3,046
Impairment loss on properties held for sales	—	(55,824)	(55,824)
Reportable segment assets	1,601,537	1,603,825	3,205,362
Additions to non-current assets	187,355	48,177	235,532
Reportable liabilities	(1,366,027)	(458,088)	(1,824,115)

Notes:

(a) The following is an analysis of Group's revenue from its major customers which represent 10% or more of the Group's revenues during the year and is attributable to the reportable segment of "research and development, manufacture and distribution of Special Computer products and trading of electronic accessories":

	2014 *RMB'000*	2013 *RMB'000*
Customer A	**1,833,293**	969,635
Customer B	**—**	232,581

(b) **Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

	2014 *RMB'000*	2013 *RMB'000*
Revenue		
Reportable segment revenue and consolidated revenue	**2,312,702**	1,814,780

	2014 *RMB'000*	2013 *RMB'000*
Profit before income tax		
Reportable segment profit	**88,401**	69,897
Other income	**92,160**	91,279
Fair value gain on investment properties	**24,697**	3,458
Fair value gain on transfer from property held for sale to investment properties	**1,097**	—
Unallocated corporate expenses	**(4,079)**	(2,468)
Finance costs	**(76,169)**	(78,025)
Profit before income tax	**126,107**	84,141

	2014	2013
	RMB'000	*RMB'000*
Reportable segment assets		
Reportable segment assets	**2,935,208**	3,205,362
Deferred tax assets	**26,269**	28,981
Investment properties	**499,322**	221,265
Property, plant and equipment	**531,662**	394,124
Unallocated corporate assets	**4,546**	4,886
Consolidated total assets	**3,997,007**	3,854,618

	2014	2013
	RMB'000	*RMB'000*
Reportable segment liabilities		
Reportable segment liabilities	**1,921,641**	1,824,115
Bank borrowings	**410,000**	684,000
Deferred tax liabilities	**209,880**	126,344
Tax payables	**10,254**	43,277
Consolidated total liabilities	**2,551,775**	2,677,736

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets ("Specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**—**	—	**—**	—
PRC (place of domicile)	**2,312,702**	1,814,780	**1,492,028**	1,161,458
	2,312,702	1,814,780	**1,492,028**	1,161,458

4. TURNOVER AND OTHER INCOME

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

	2014	2013
	RMB'000	*RMB'000*
Turnover		
Sales of Special Computer products	**350,686**	406,666
Sales of electronic products and accessories	**2,009,011**	1,284,398
Sales of properties *(note (a))*	**(46,995)**	123,716
	2,312,702	1,814,780
Other income		
Gross rentals from investment properties	**67,346**	50,644
Less: direct operating expenses (including repairs and maintenance) arising from leasing of investment properties	**(26,031)**	(10,799)
	41,315	39,845
Bank interest income	**6,300**	24,542
Value-added tax ("VAT") concessions *(note (b))*	**5,398**	10,777
Reversal of impairment loss on trade receivables	**8,398**	—
Government subsidies *(note (c))*	**17,643**	9,493
Repairs and maintenance income	**9,140**	1,944
Sub-contracting income	**185**	539
Sundry income	**3,781**	4,139
	92,160	91,279
	2,404,862	1,906,059

(a) During the year ended 31 December 2014, the Group has received a request for return and cancellation of a sale of property ("return") from a property buyer that had been recognised as sales during 31 December 2013. As a result of the return, turnover less cost of sales was reduced by RMB45,300,000 and property held for sales was increased by RMB14,710,000. Land appreciation tax in respect of the return was also reversed by RMB20,087,000.

(b) VAT refunds were obtained from local tax authority in respect of sales of approved software and integrated circuit products.

(c) Financial incentives were granted by the PRC government for development of high-technology products and purchase of specified property, plant and equipment for development of specified project.

5. PROFIT BEFORE INCOME TAX

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

	2014	2013
	RMB'000	*RMB'000*
Auditor's remuneration	**1,303**	1,124
Cost of inventories recognised as an expense *(note (a))*	**2,080,564**	1,466,693
Cost of properties recognised as an expense	**(7,837)**	68,290
Depreciation of property, plant and equipment	**25,091**	18,203
Amortisation of prepaid land lease payments	**1,017**	1,027
Foreign exchange difference, net	**2,094**	401
Loss/(gain) on disposal of property, plant and equipment	**380**	(3)
(Reversal of impairment loss)/impairment loss on trade receivables	**(8,398)**	6,683
Reversal of impairment loss on inventories	**(1,808)**	(3,046)
Impairment loss on properties held for sales	**—**	55,824
Minimum lease payments under operating leases	**6,404**	8,117
Research and development costs *(note (b))*	**58,010**	52,386
Staff costs (including directors' emoluments):		
Wages, salaries, bonus and allowances	**67,765**	77,029
Contributions to retirement benefits schemes	**6,267**	6,841
	74,032	83,870

Notes:

(a) Cost of inventories sold includes staff costs and depreciation of RMB20,398,000 (2013: RMB25,397,000) and RMB5,880,000 (2013: RMB4,697,000) respectively, which are also included in the total amounts disclosed above for each of these types of expenses.

(b) Research and development costs exclude depreciation charge of RMB2,065,000 (2013: RMB1,747,000).

6. INCOME TAX EXPENSE

The amount of income tax in the consolidated statement of comprehensive income represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax — PRC		
Enterprise income tax ("EIT")		
Current year	**11,044**	25,451
Under/(over)-provision in respect of prior year	**351**	(3,415)
Land appreciation tax ("LAT")		
Current year	**—**	22,675
Reversal in response to return of property sold	**(20,087)**	—
	(8,692)	44,711
Deferred taxation		
Origination and reversal of temporary differences, net	**15,203**	(8,974)
	15,203	(8,974)
Income tax expense	**6,511**	35,737

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. Certain of these subsidiaries are exempted from income tax while others are subject to income tax rate of 25% (2013: 12.5% to 25%) during the reporting period.

Certain subsidiaries of the Company which have been approved as new and high technology enterprise are entitled to a concessionary tax rate of 15%. These subsidiaries need to re-apply for the preferential tax treatment when the preferential tax period expires.

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.

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (2013: 16.5%) on the estimated assessable profits during the reporting period. Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2014. No Hong Kong profits tax has been provided for the year ended 31 December 2013 as there was no estimated assessable profit.

7. DIVIDENDS

The final dividend for the year ended 31 December 2013 of RMB18,035,000 was approved by shareholders at the annual general meeting on 30 May 2014 and paid on 18 July 2014.

The Board of directors recommended the payment of final dividend of RMB0.015 per share for the year ended 31 December 2014 (2013: RMB0.015).

The proposed final dividend for the year is subject to the approval by shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting and the arrangement for closure of register of members will be separately announced.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
Profit for the year attributable to the owners of the Company for the purpose of earnings per share calculation *(RMB'000)*	**119,596**	48,980
Weighted average number of domestic and H shares in issue	**1,233,144,000**	1,233,144,000
Basic earnings per share *(RMB)*	**0.097**	0.040

There were 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 both years.

9. TRADE AND BILLS RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**43,455**	72,901
Allowance for impairment losses	**(490)**	(9,155)
Trade receivables, net	**42,965**	63,746
Bills receivable	**23,009**	34,396
Total	**65,974**	98,142

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 the reporting periods, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**37,099**	39,616
91 to 180 days	**1,265**	17,366
181 to 365 days	**1,957**	12,065
Over 1 year	**3,134**	3,854
Gross trade receivables	**43,455**	72,901

Bills receivable are with maturity of less than 6 months. At the end of reporting period, bills receivable of the Group amounting to approximately RMB16,800,000 (2013: RMB29,357,000) have been endorsed to suppliers. The carrying values of bills endorsed to suppliers continue to be recognised as assets in the financial statements as the Group is still exposed to credit risk on these receivables at the end of the reporting period. Accordingly, the liabilities associated with these bills, mainly payable, have not been derecognised in the financial statements.

10. TRADE AND BILLS PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**278,306**	155,988
Bills payable	**2,341**	4,389
	280,647	160,377

The following is the ageing analysis of trade payables:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**260,873**	144,051
91 to 180 days	**13,957**	9,017
181 to 365 days	**506**	1,488
Over 1 year	**2,970**	1,432
	278,306	155,988

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Company continued to engage in the research, development, manufacture and sale of special computer products in the PRC. We dedicated our efforts to enhance and transform the traditional industries in the PRC, to promote the development of these industries towards the direction of information, intelligence, digitalization and automation at a faster pace, and to improve and enhance the quality of human life. The Company was also engaged in the sale of electronic products and accessories and property development business.

The Company became the world's first premium partner with Microsoft in the embedded technology field since the end of 2011, and possesses the qualification of simultaneous research and development and production of chip products, and thus manages to rapidly provide innovative solutions to foster market development. With the establishment of a strategic cooperative relationship with the Institute of Computing Technology of the Chinese Academy of Sciences on the application of embedded technology, the Company has the dominance in deciding the formulation of national standards for the Chinese Special Computer industry. The Company has been approved to establish "National Research and Develop Center of Special Computer Engineering Technology" (國家特種計算機工程技術研究中心) which is featured with uniqueness and exclusiveness in the industry, meaning that the Company becomes the sole support organization for the National Research and Develop Center of Special Computer Engineering Technology. The "EVOC" trademark of the Company was recognized as "Famous Trademark of China" by the State Administration for Industry and Commerce, which is also the first famous trademark obtained by Special Computer enterprise in China. The trademark enhanced the international influence for the "EVOC" brand of the Company, and the effective protection of its proprietary intellectual property rights and trademark brands, thereby significantly enhancing its overall competitive edges.

In 2014, the macroeconomic performance of the PRC maintained a steady level of economic growth and industrial output was at a stable state, however instability factors are still exist. Positive progress was attained in the adjustment of the industrial structure of the PRC during the year, coupled with continued optimization of industrial structure and record-breaking achievement in energy saving and consumption reduction. Given that the macroeconomic performance stood at high level and a number of instability factors exist, the Company seized the opportunities presented by industrial transformation. With unswerving adherence to effective strategies, and on the basis of a diversified sales model that combines direct sales, marketing, network marketing and telemarketing, we spent greater intensity of efforts on R&D investment and technological innovation, thereby reinforcing our core competitiveness. At the same time, through further upgrade of our organizational structure and adjustment of our internal working processes, we set clearer goals at various department levels, in an effort to reduce costs, raise efficiency and enhance profits per capita.

During the period, the Group carried out the construction and operation of the project of service subcontracting base in Wuxi as schedule. Upon the completion of the service sub-contracting base project of Wuxi Company, the Company will utilize some properties for its high technology research and development, manufacturing and software outsourcing business. Such move is in line with its long-term development strategy and will actively foster the development of the Company's existing business and increase new profit growth points. Besides, the remaining properties could be used for sale and lease, which will bring along stable cash flow to the Company in the future years and boost its overall revenue. The construction of "EVOC Dianshan Lake Property Base Property (研祥淀山湖產業基地項目)" in Kunshan city, Jiangsu, China, invested by the Company progressing smoothly. The location of the Dianshan Lake Property Base Project is situated in a prime location not far from

Shanghai. Given the bright growth prospect of such surrounding areas, future demand for high quality and low density residential, shopping malls and hotels will remain strong. Therefore, the Company believes that the project will enhance the overall profitability of the Company and bring considerable profit upon the completion of the Project.

Result of the Year

In 2014, the Group recorded a turnover of RMB2,312.7 million, representing a 27.4% growth over last year. Of which sales of Special Computer was RMB350.7 million, representing a decrease of 13.8%, trading of electronic products and accessories was RMB2,009 million, representing an increase of 56.4%, while sales of properties was RMB13.0 million, representing a decrease of 89.5% as compared to previous year. Profit attributable to owners of the Company was approximately RMB119.6 million. Excluding fair value gains RMB25.8 million, core profit attributable to owner was RMB93.8 million. Core profit margin attributable to owners was 4.0%.

Research & Development

During the period under review, the Company's project management was conducted through a R&D center set up at its reliability management center. With a focus on hot issues of the industry, we carried out industry surveys and technical preliminary research. In relation to hot issues of the industry and key technological breakthroughs, we launched related investigation on the industry and issued reports thereon. The reports served to provide the personnel of our R&D and product departments better understanding of the industry and form a basis and reference from which the Company's future product lines can be framed. Meanwhile, a dedicated technical presentation and research team was set up in the R&D center, devoted to conduct research on common issues and technologies of product applications and industry applications, and had applied for a number of related patents.

During the period, the Company has developed numerous projects in areas of marine electronic information, rail transit, and intelligent equipment of industry 4.0 and construction of a safe, autonomous and controllable factory control system in order to promote industrial transformation and upgrading. In the area of developing marine electronic information, we focused on launching computer system applications suitable for severe marine environment and development projects, including the application and promotion of electronic chart navigation and ship monitoring platform, the industrialization of the second generation of carrier-based integrated display control platform and the key technology research on the special computer of the central control system for unmanned ship and the remote monitoring system and their industrialization. In the area of developing basic equipment and system for the rail transit, the Company referred to the strategy of "One Belt and One Road" as our guideline and continued to make full use of our technological and market advantages in rail transit. We have mainly developed computer equipment, central control equipment, data recorders and passenger information system equipment specific to rail transit. In the area of developing the safe, autonomous and controllable industrial control system, with the homemade hardware and software as a core, we provided core technology and products for the key areas of electricity, rail transit, energy and chemical industry through continuous breakthroughs and research and development of domestication technology, technological fusion and transformation. In area of the intelligent equipment of industry 4.0, we were dedicated to developing a new generation of intelligent factory control technology and products, including the detection system based on machine vision, the fifth generation of digital equipment for factory control platform, so as to promote the whole industrial restructuring and to realize industrial transformation and upgrading.

With vigorous efforts to implement the application and demonstration of IOT technology industry, the Company has undertaken Next Generation IT Industry Special Project of 2014 Shenzhen Strategic Emerging Industry Development Special Funds under the Economy, Trade and Information Commission of Shenzhen Municipality (industrial wireless sensor network series equipment research & development and application demonstration for the smelting industry) and special projects under 2014 IOT Development Special under MIIT (Development and Application of IOT-based Intelligent Magnesite Smelting Management System). In addition, we secured 863 Projects, one Shenzhen technology development project, one major technological breakthrough project of Shenzhen (research and development of control platform for the digital equipment industry) and one Shenzhen 2014 major project of future industry development special fund for the marine industry (new ship navigation system and ship intelligent management platform). In the meantime, the Company received 2013 Outstanding Contribution Award for Quality in Shenzhen, with the Special Computer Key Technology Research & Development and Industrialization Project wining the first prize of Guangdong 2014 Science and Technology Award and the Airborne Special Computer and Key Technologies Project wining the second prize of Shenzhen 2014 Scientific and Technological Invention Award.

From January to December 2014, the Company focused on the R&D of the following new products, including:

1. *"慧視機器" Vision Inspection System*

   While increasing product quality inspection tasks are involved in the course of modern industrial automation production, in usual cases, these tasks cannot be accomplished with a high degree of repeatability and intelligence on a continuous, stable basis by human manually due to the limitation of their own capacity and capability. The Company has launched 慧視機器 vision inspection system, which is an intelligent testing device designed for liquid crystal display production on automation sites. The device is a precision machine vision recognition system integrating optical, mechanical, electrical and automation technologies. These products, which are structured on highly integrated optical imaging systems, new automatic transmission device and modular overall unit systems, are effective in detecting defects in LCD screens down the generations. They are featured by their flexibility, high detection efficiency, short detection time, high precision, user-friendly operation of software control modules, low system running vibration, little noise, attractive rack appearance, as well as anti-oil, anti-dust surface.

2. *Industrial Server of High Performance*

   This set of server is mainly designed to meet the demands of high performance computing, mass storage, extension of high performance GPU and extension of special customers' full-height voice card, full-height video card and other full-height business cards. It is an industrial server product of high performance, strong extension ability, high integration density, full functions and specialty. Perfect configuration and clear market orientation give this product line strong market competitiveness. This product is mainly applied in big data, cloud computing, voice and video services, security surveillance industry, industrial automation, detection industry and IT industry and so on.

3. *Domestic Complete Machine*

   This product, a domestic complete machine designed for the Company's domestic work strategy, is especially for the power sector and future digital substation. It adopted the solution for Loongson platform and integrated fixed-point processor, floating-point processor, streaming media processing and graph and image processing functions as well as supporting chipset function such as South Bridge and North Bridge inside. This product can be widely used in remote terminal unit management of substation, dispatching communication supervisor of smart power grids and metro PSCADA and metro FEP.

4. *Next Generation Embedded Industrial PC of High Performance*

This product can not only meet the demand for application of the mass storage system (such as DVR) in general industrial area, but also can be used in situations where high performance processing capability is needed. It can be widely used in security monitoring system for banks, IBMS, ISMS, ITMS and machine vision industry.

5. *Advanced Industrial Controller*

With a huge number of embedded applications, a great amount of technology platforms, rising personalized demand for customized applications and swift changes in technology evolvement — which are known as "growth in three aspects and change in one aspect", there are duplication in technology development, variance in standards, poor inheritance of technology, high costs of application and R&D, long duration of life cycle and serious waste of resources. As such, it is essential for us to create a platform that can perform reconstruction on the basis of different applications, build a layer that is compatible with different hardware architectures, put in place a software layer that provides standardized function modules and establish SDK application development environment as well, in order to enable us to structure customer applications in rapid, cost-effective manner. The advanced industrial control products introduced by the Company are special computers based on brand new architectures that are designed for the said purposes, and can be widely used in a wide range of applications.

6. *New Platform Motherboard*

The Company's new platform motherboard products, featured by high performance and low power consumption, can be used in military, automation and electricity.

7. *Railway Special PIS Series Computer Products*

With the increasing demand from customers for railway PIS products in terms of features, processing performance, product quality plus product testing standards, the existing PIS product design can no longer meet the ever-growing demand from customers. To this end, the Company has rolled out an entire array of special railway PIS computer products. With these products, solutions can be quickly achieved without industry applications. These products can be widely used in railway PIS systems, including the applications on vehicles such as the metro, suburban railway, high-speed rail, common rail, and so on.

The special computer R&D/pilot base built by the Company in Shenzhen, China (currently known as "研祥智谷") was put into full operation. 研祥智谷 is mainly used for the production, R&D and end test of hardware and software of automation products. It enables us to comprehensively improve our efficiency, shorten R&D cycle and expand production scale, thus bolstering our overall competitive edge. Following the complete relocation of our manufacturing center to 研祥智谷, our production activities have resumed to usual operation. We fulfilled all the production orders obtained by the Company on time and the achievement and both order and quality achievement indexes enhanced greatly when compared to that of last year. On the premise of delivery and quality assurance, various measures have been adopted by the manufacture center to substantially reduce the production cost, which made our products more competitive and provided a guarantee for profit increase for the Company. Meanwhile, given reduced rental costs as a result of the use of our self-owned property and lower labor costs as a result of higher degree of automation, we reaped bigger net profits. Along with significant improvement in the standards of the production, living and supporting facilities of 研祥智谷 (EVOC Intelligence Valley), we have created better working and living conditions, which are conducive to the sense of belonging and stability of our employees, which, in turn, ensured the Company's sustainable and stable development of the Company. The Company was much honored to be granted "2013 Annual Investment Contribution Award, Shenzhen Guangming New District" by China Shenzhen Guangming New District Party Committee and Management Committee, in recognition of the completion and commission of EVOC Intelligence Valley, making a move to contribute our part to the construction and development of Guangming New District.

During the period, the Company launched 2014 University Cradle Project, themed on "brilliant success for 90s new pillars, in pace with EVOC", under which an "Embedded technology laboratory" was set up by the Company in joint force with Beijing University of Chemical Technology, Northeastern University and Hebei University of Science and Technology. The laboratory is used for carrying out teaching and research experiments related to electrical and electronic disciplines, with a view to assisting young students in pursuing for achievements in academic field and scientific practice. As a player with a leading niche in the special computer industry, we have been well-served by our continued emphasis on long-held values of a blended integration of industry, academia and research. We have now successively cemented cordial cooperation with a couple of well-known institutions like Beijing University of Aeronautics and Astronautics, Beijing University of Technology, Tibet University and Xi'an Jiaotong University. Through multiple ways, for instance, the setting up of embedded technology joint laboratories on a partnership basis and the launching of student internship programs, we tied up tighter collaboration with universities in the spectrums of industry, academia and research. Through reinforcement of resources integration, we flourished the innovative development of special computers in the horizons of electronics science and technology, electrical engineering, microelectronics, information and communication engineering, automation science and technology, as well as computer science and technology.

Products and Marketing

The Company offers Special Computer products in three series and solutions tailored for a number of industries. The Special Computer products manufactured and sold by us are widely applied in railway transportation, coal mine safety, environmental protection, communications, commerce, industrial sector, finance, energy, military, video frequency control and internet.

We remained committed to a multi-facet marketing model based on three main kinds of marketing methods, namely direct marketing, distribution and new channels (internet sales and telephone sales). In relation to direct marketing, it has transited from pure sales to market-oriented approach, whereby our commerce department was responsible for handling large customers, enhancing the strength of managers about the industry. Based on market research, the operation of the industry was dealt with by a dedicated team of industry managers, product managers and sales engineers. For dealers, we took "direct marketing approach of dealer management" based on flat distribution rather than sales agents. In connection with key customers, we adopted direct marketing management. We provided dealer training and counseling services, and required dealers to greatly enhance their technical strength through installed capacity certification and services certification. The launch of a dealer cloud platform was expected to offer functions such as real-time order placements and data query, thus sharply reducing labor costs. Intensified efforts were made on telephone sales model. Client resources not yet shipped within a certain period must be released, thus leading to internal competition.

In light of notable changes in the prevailing external marketing landscape, network economy and fans economy played an increasing part in the mainstream. During the period under review, the Company remained focusing on enhancing brand influence and reputation among younger age groups (85s youngsters), sticking to a marketing philosophy targeting on 85s youngsters and network marketing. We were more determined than ever to step up endeavors on network marketing and expansion of network coverage. Also, we made an attempt to fortify our marketing on social media with widespread popularity among young people, such as placement of advertisements on WeChat, Tencent Space, QQ Chat Window as well as mainstream video sites. On the front of seminars, our focus was placed on a diverse variety of forms including industry thematic seminars, network seminars and media interviews. While we cut the placement of advertisements on print media in the industry, we increased the promotion on search engines like Baidu, Google and Sogou, which was a reflection of the shift of the forms of advertising from traditional channels to entertainment-led basis. In respect of the marketing operation model, it has shifted from the previous open-loop marketing to the current closed-loop marketing cored on the promotion of sales. In relation to the marketing sector, we continued to reinforce our investment in industries including rail traffic, network security and high-end manufacturing.

"EVOC Commerce Mall" (研祥商城), the first-of-its-kind high-end automation branded electronic mall built by the Company with first-mover initiative, was in highly efficient operation. Being an one-of-a-kind B2B e-commerce platform with indispensable significance in the high-end automation industry, "EVOC Commerce Mall" (研祥商城) was positioned as a platform offering users with one-stop purchasing services related to EVOC products. During the period under review, through a wide array of monthly activities for "EVOC Commerce Mall" (研祥商城), online and offline interaction, provision of specific products via network and differentiation of products, we achieved promising results. In view of the smooth progress of "EVOC Commerce Mall" (研祥商城), we were well-positioned to effectively address the rise in labor costs and the ever-higher degree of difficulty of management along with our business expansion. In addition, we raised the efficiency of feedbacks to pre-sale and after-sale technical services. Furthermore, we captured market demand with our time-to-market capabilities, thereby lifting up the competitiveness of our products.

During the period, the Company hosted and participated in the following marketing activities:

1. We participated in the first high-tech outcome exhibition for private enterprises jointly organized by the PLA General Armament Department, the Ministry of Industry and Information Technology, the National Defense Science and Industry Bureau and the National Federation.

2. In the eastern, southern and northern regions, we conducted a series of door-to-door recommendation seminars in respect of industry benchmark enterprises and research institutes. We launched promotion campaigns and collected data relating to customers' demand on the basis of their own needs. By offering customers access to door-to-door exclusive services with definite goals and strong positioning, our recommendation received well recognition from customers.

3. Partnering with China Industrial Network, we organized the "Westward Industrial Server" network seminar. At the conference, the background of the birth of industrial servers, technology advantages and industrial applications were illustrated while several hot topics such as the frequent incidents of cyber espionage and national bans on the purchase of server products from foreign countries were discussed. Through this exchange seminar, participants' understanding of industry servers has been greatly improved.

4. In Shenzhen, China, we held “fresh impetus, bright future” — 2014 EVOC global strategic dealers’ marketing summit for the year, at which we shared views with and bridged communication with distributors as well as concluded the achievements and issues relating to market exploration during the first half of the year, paving a solid path for the growth of the market for the second half of the year.

5. Teaming up with search engines including Baidu and Google in the aspect of promotion, we continued to enhance EVOC’s brand exposure. Through promotional initiatives of “EVOC Commerce Mall” (研祥商城) and activities of WeChat, the loyalty of potential users was heightened.

6. We established a stronger sales team. Through progressive training, we enhanced the technological level as well as the market research and analysis capability and operational capacity of our sales force. By expanding our team of middle, senior sales engineers, we transformed our direct marketing team members into market-oriented sales elites consisting of “consultants”, so as to enhance our competitiveness in the market.

7. Setting up a brand-new EVOC official micro-blog platform enables users to enjoy various services offered by EVOC very conveniently at the mobile terminal and creates a marketing channel for the mobile terminal. The EVOC Commerce Mall is revised and upgraded in order to push forward a mall service platform that can further improve experience and viscosity of users.

Outlook & Prospects

According to the “12th Five-year plan for high-end equipment manufacturing industry”, sales target for high-end equipment manufacturing industry in China will be over RMB6 trillion, representing 15% of the sales income from the equipment manufacturing industry with an industrial added value rate of 28%. Such target represents significant increase in the international market share. According to a report recently issued by MIIT CCID Institute, in 2014, the cumulative growth rate of the added value of the equipment industry of the PRC was increasing constantly, with a steady rise and favorable turnaround in the growth rate of the export value. There was also a robust demand for intelligent manufacturing equipment. As per the report, the equipment industry of the PRC will pick up broad-based growth momentum, while the industries relating to industrial robots (quotes, interrogation), service robotics, intelligent equipment such as 3D printing device, rail transportation equipment as well as energy-saving and environmentally-friendly equipment will show a rapid growth trend. As noted from the report, in 2014, with increasing urbanization and accelerated pace of the development of “smart cities”, the construction of a number of infrastructure including railways, subways, highways and water supply facilities will be speeded up, adding new vitality to the development of the equipment manufacturing industry during the second half of the year. The industries related to the development of urbanization and the construction of “smart cities” — such as engineering machinery, elevators, urban rail equipment, smart grids, networking equipment and agricultural machinery will be blessed with relatively high speed growth. With the rise in labor costs, the upgrade of industrial structure and the accelerated breakthroughs in smart homes, intelligent equipment such as industrial robots, service robots, 3D printing and wearable devices will become new growth points of the industry. In particular, driven by the further implementation of the policy relating to “machine substitutes manual operation” across the country, the industrial robotics industry will further grow at faster speed.

As the country calls for immediate solution to the current issue of information security, information security is the very essence at the national level. Along with the localization of the manufacture of information security equipment at accelerated pace, the related policy is expected to be put into force this year. We envisage that the policy will exert more far-reaching impact on the industry. The industry is going to follow an apparent trend where high-quality resources will be integrated at accelerated speed, and where higher degree of concentration of market will be gradually accounted for by information security players with relatively stronger strength. According to statistical data, the information security market in the PRC has a size of around RMB20 billion, which is set to bring more promising market and development opportunities for the Company.

Over the year, given that the approval of rail transit projects has been granted by the national ministries rather than the provincial authorities, rail transit construction is turning into another boom cycle. As reflected from the relevant statistics from the National Development and Reform Commission, up to now, rail transit construction in 36 cities over the country has been approved, and construction works are already underway. With the latest submission of construction projects by four cities including Nantong, Luoyang, Jinan and Huhhot, the number of cities with rail transit construction in progress across the country is expected to increase to 40, with a total mileage under construction of nearly 4,000 kilometers. According to estimates, during the three years prior to the "12th Five Year" Plan, the accumulated investment in urban rail transit construction to be completed over the country amounts to RMB570 billion, of which an investment of RMB260 billion is planned to be completed this year. An investment amount of over RMB1 trillion is anticipated to be completed during the entire period of the "12th Five Year" Plan.

To sum up, in 2014, in view of impressive growth in demand for special computers from the domestic market and increasing activeness of the market of cloud computing platform-based services, big data will enter into an application phase. As industry upgrades have added new stimulus to the advanced manufacturing market, the Company will capture the opportunities in the market by leveraging on its leading edge in terms of brand and quality of special computers, thus achieving business growth by taking advantage of the opportunities arising from the demand for localization of manufacture and intelligent manufacture. We will remain focusing on rail transportation, information security, environmental protection equipment, electrical equipment and construction machinery. By offering a full array of high-end network products, we will meet the demand for network information security. With a focus on tactic customers, we will target on high-end market. Meanwhile, boasting on the growth opportunities arising from the automation equipment demand lured by the growth of the cloud computing/big data market and industrial upgrade, we will expand our business scale and profitability. By taking advantage of vision equipment as the first domestic one, opportunity of increasing demand for automation equipment caused by industrial upgrading is created. Attention is mainly on industrial robots, electronics manufacturing and automobile industry. Product strategy for embedded machine and tablet PC is adjusted to better meet the demand of equipment growth. The major focus is fixed on traffic (rail transit, expressway and airport) and environmental protection industry (smoke, water and desulfurization).

Looking forward, leveraging on our competitive advantages and resources, the Company will uphold our strategy of self owned branding and technological innovation, in order to enhance our core competitiveness, thereby confirming and staying in the leading position in the high-end automation application and development fields in the PRC.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, the Group's reported a total revenue of approximately RMB2,312.7 million (2013: approximately RMB 1,814.8 million) representing an increase of approximately 27.4%, analysed by product category as follows:

	2014	2013	Change
	RMB'000	*RMB'000*	*percentage*
Turnover			
Sales of Special Computer products	**350,686**	406,666	–13.8%
Sales of electronic products and accessories	**2,009,011**	1,284,398	+56.4%
Sales of properties	**13,030**	123,716	–89.5%
Less: Sales returns of properties sold	**(60,025)**	—	—
	2,312,702	1,814,780	+27.4%

Cost of sales

Cost of sales for the period increased to approximately RMB2,072.7 million, represents an increase of approximately 35.0% as compared to previous year. The increase was mainly driven by the corresponding increase indirect labour and raw material costs.

Gross Profit and Gross Profit Margin

The gross profit for the period approximately RMB240.0 million, representing a decrease of approximately 14.2% as compared with the previous year.

Gross profit margin for the period decreased to approximately 5.0 percentage points to approximately 10.4%. The decrease of gross profit margin was mainly due to lower profit margin trading in electronic products and accessories business.

Other Income

Other income for the period slightly increased from approximately RMB91.3 million in 2013 to approximately RMB92.2 million in 2014.

Selling & Distribution costs

The selling and distribution costs decreased 5.5% from approximately RMB45.6 million in 2013 to approximately RMB43.1 million in 2014 due to decrease staff headcounts.

Administrative Expenses

The administrative expenses decreased 12.7% from approximately RMB50.8 million in 2013 to approximately RMB44.3 million in 2014 due to decrease of staff headcounts.

Research & Development costs

The research and development costs increased 10.7% from approximately RMB52.4 million in 2013 to approximately RMB58.0 million in 2014 due to increase in material parts consumables and staff salary expenses.

Increase in fair value of Investment properties

During the period, the Group recorded an increase in fair value of investment properties of approximately RMB24.7 million, representing an increase of approximately 6.1 times as compared to last year. The main increase in fair value of investment property is at Shenzhen area.

Finance Costs

Finance costs slightly decreased 2.4% from approximately RMB78.0 million in 2013 to approximately RMB76.2 million in 2014 mainly due to decrease in bank borrowings.

Income tax expenses

Income tax expenses decreased 81.8% from approximately RMB35.7 million in 2013 to approximately RMB6.5 million in 2014. The decrease was mainly due to reversal in response to return of property sold.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company increased from approximately RMB49.0 million in 2013 to approximately RMB119.6 million in 2014, representing an increase of approximately 144.1%. The net profit margin has been increase from 2.7% to 5.2%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operation with internally resourced and banking facilities generally by bankers in the PRC. As at 31 December 2014, the Group's gearing ratio had decreased to 63.8% (calculated on the basis of the Group's total liabilities over total assets) from 69.5% as at 31 December 2013. At the year end date the Group's total bank borrowings amounted to approximately RMB1,389 million (2013: approximately RMB1,664 million). The Group's cash and bank balances as at 31 December 2014 has decreased to approximately RMB252 million (2013: approximately RMB804 million). The current ratio (calculated on the basis of the Group's current assets over current liabilities) has decrease to 1.32 as at 31 December 2014 (2013: 1.46).

FOREIGN EXCHANGE EXPOSURES

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 year under review.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities at 31 December 2014.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group had capital commitment authorised but not contracted for and contracted but not provided for were nil (2013: approximately RMB0.5 million) and approximately RMB180.9 million (2013: approximately RMB282.6 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.

PLEDGE OF ASSETS

At 31 December 2014, the Group has pledged certain of its property, plant and equipment, investment properties, properties held for sale and properties under development with a total carrying amount of approximately RMB2,043.4 million (2013: approximately RMB1,303.9 million) as security for bank borrowings and general banking facilities granted to the Group. Except for the above, there are no other charges on the Group's assets.

EMPLOYEE INFORMATION

As at 31 December 2014, the Group had total workforce of 949 (2013: 1,070). Employee benefit during the year were approximately RMB74.0 million.

The Group recognizes the importance of high caliber and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are mainly in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. 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.

DIRECTORS', SUPERVISORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director, supervisor or controlling shareholder of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

None of the directors, initial management shareholders or their respective associates (as defined in the Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not purchased, sold or redeemed any of the Company's shares during the year.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 2014 to 31 December 2014.

AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Ling Chun Kwok, Mr. Dong Li Xin and Mr. An Jian. Mr. Ling Chun Kwok is the Chairman of the audit committee. The rights and duties of the audit committee comply with the Code Provisions. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board of Directors. The committee met 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 has discussed with the management and reviewed the annual results for the year ended 31 December 2014.

REMUNERATION AND REVIEW COMMITTEE

The remuneration and review committee of the Company comprises one executive director, Mr. Zhu Jun and two independent non-executive directors, Mr. Dong Li Xin and Mr. An Jian. Mr. Dong Li Xin is the Chairman of the remuneration and review committee. The remuneration and review committee has rights and duties consistent with those set out in the Code Provisions. 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 of Directors.

NOMINATION COMMITTEE

The nomination committee of the Company comprises one executive director Mr. Chen Zhi Lie, and two independent non-executive directors, Mr. Dong Li Xin and Mr. Wen Bing. 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.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the Company's website at www.evoc.com. The annual report of the Company for the year ended 31 December 2014 will also be published on the aforesaid websites in due course.

DIRECTORS

As at the date hereof, the executive directors of the Group are Mr. Chen Zhi Lie, Mr. Tso Cheng Shun and Mr. Zhu Jun; the independent non-executive directors of the Group are Mr. Ling Chun Kwok, Mr. Wen Bing, Mr. Dong Li Xin and Mr. An Jian.

APPRECIATION

The Board would like to thank our shareholders, customers, suppliers, bankers and professional advisers for their support of the Group and to extend our appreciation to all our staff for their dedication and contributions throughout the year.

By Order of the Board
EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED*
Chen Zhi Lie
Chairman

Shenzhen, the PRC, 30 March 2015

* *For identification purpose only*