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Hollysys Automation Technologies Ltd.

Press Release: Update - Leading Independent Advisory Firms Glass Lewis and ISS Recommend Hollysys Shareholders "Consent" With Respect to Consortium's Proposed Resolutions on 07/16/2021

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## Leading Independent Advisory Firms Glass Lewis and ISS Recommend Hollysys Shareholders "Consent" With Respect to Consortium's Proposed Resolutions

July 16, 2021 11:32 AM Eastern Daylight Time

BEIJING--(BUSINESS WIRE)--The buyer consortium (the "Consortium") consisting of Mr. Shao Baiqing, Ace Lead Profits Limited and CPE Funds Management Limited is pleased to announce that leading independent proxy advisory firms, Glass, Lewis & Co. ("Glass Lewis") and Institutional Shareholder Services Inc. ("ISS") both recommend that shareholders of Hollysys Automation Technologies Ltd. (NASDAQ: HOLI) (the "Company" or "Hollysys") **CONSENT** with respect to the shareholder resolutions proposed by the Consortium on the WHITE consent card. Both firms made the recommendation after reviewing in detail the issues and arguments raised by the Consortium regarding the consent solicitation and the Company's lack of response to the Consortium's proposed acquisition of all outstanding ordinary shares of the Company not already owned by the Consortium at a price of \$17.10 per share in cash (the "Proposed Acquisition"). You may review the Consortium's proposed resolutions and other related information (including prior press releases/shareholder letters) on the dedicated website at [Hollysyspublicsolicitation.net](https://www.hollysyspublicsolicitation.net).

Glass Lewis July 13, 2021 analysis notes: *"On the whole, given the passage of time since the Consortium submitted its revised proposal, the Company's lackluster operational and stock price performance in the interim, and the existing impediments to a potential acquisition which are embedded in the Company's governing documents and reflected in the board's defensive actions taken to date, we believe Hollysys shareholders would be best served at this time by supporting the Consortium's consent solicitation and seeking to compel the board to engage in transaction discussions and potentially reach a definitive agreement in respect of the Consortium's current proposal."*

Similarly, ISS states the following in its July 15, 2021 report: *"Despite giving assurances in February and March that it would do so, the board has not responded to the buyer consortium's Jan. 29, 2021 revised offer of \$17.10 per share. Shareholders therefore have no way of knowing whether the company has a plausible argument that its shares are more valuable than the offered price. Given the company's lack of engagement as well as fundamental uncertainty regarding how the company will utilize its accumulating cash reserves, in the hope of spurring discussions towards a definitive agreement, shareholders are advised to provide consents for this request."*

"We greatly welcome the independent support of Glass Lewis and ISS. Their analyses clearly recognize that the Company's board of directors and management failed to act in the best interests of the shareholders by not engaging with the Consortium or properly evaluating the Proposed Acquisition," said Mr. Shao Baiqing. "We believe, in fact, that – other than the Proposed Acquisition – there are no viable value-creating alternatives available to the Company. The Proposed Acquisition at a price of \$17.10 per share in cash avails shareholders of a direct path to realizing immediate liquidity and a highly compelling premium for their shares, which is the best option available to the shareholders."

The Consortium urges shareholders of the Company as of June 24, 2021 to submit their consents on the **WHITE consent card** as soon as possible before **July 22, 2021**. Shareholders owning shares through a bank or broker (i.e., in "street-name" or as a "beneficial owner") who have not yet received the Consortium's consent materials should contact their bank or broker as soon as possible and request instructions regarding the **WHITE consent card**. Shareholders with questions about how to submit consents and related matters should promptly contact Innisfree M&A Incorporated, the firm assisting the Consortium with the consent solicitation, by email at [HOLIconsent@innisfreema.com](mailto:HOLIconsent@innisfreema.com) or by phone at +1 (877) 750-9501 (toll-free from the U.S. and Canada), or at +1 (412) 232-3651 (from other locations), during the hours of 10:00 a.m.-7:00 p.m. Eastern Time, Monday-Friday, and 10:00 a.m.-2:00 p.m. Eastern Time on Saturdays.

Lastly, the Consortium urges shareholders to disregard the many false and misleading statements made by the Company in its Form 6-K filed on July 16, 2021, to which the Consortium intends to respond in due course under a separate press release. Shareholders should instead protect their best interests by promptly submitting their consents on the Consortium's **WHITE consent card**.

### Contacts

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