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## **SIM TECHNOLOGY GROUP LIMITED**

**晨訊科技集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 2000)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN TARGET COMPANY**

#### **THE DISPOSAL**

The Board announces that on 26 November 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares at a consideration of USD3,000,000 (equivalent to HK\$23,400,000).

#### **LISTING RULES IMPLICATIONS**

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal, standalone or when aggregated with the Previous Transaction, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **THE DISPOSAL**

The Board announces that on 26 November 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser.

## THE SPA

The principal terms of the SPA are as follows:

**Date:** 26 November 2021

**Parties:** (1) The Vendor; and  
(2) The Purchaser.

**Subject matter:** The Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares.

**Consideration:** USD3,000,000 (equivalent to HK\$23,400,000), which shall be paid by the Purchaser to the Vendor in the following manner:

- (1) The first installment in the amount of USD600,000 shall be paid on or before 25 December 2021 (“**First Payment**”);
- (2) The remaining balance of USD2,400,000 shall be payable in 2 installments (“**Remaining Balance**”) plus interest accrued on such sum at rate of LIBOR plus 1% per annum from 26 December 2021 to the actual date of payment (both dates inclusive) (“**Interest**”) in accordance with the schedule below:
  - (i) The sum of USD1,200,000 plus Interest in the sum of approximately USD31,372 shall be paid on or before 25 November 2022; and
  - (ii) The sum of USD1,200,000 plus Interest in the sum of approximately USD17,112 shall be paid on or before 25 November 2023.

The Purchaser shall have the right to settle the Remaining Balance and the Interest, if any, before their respective due dates.

**Completion:** The Vendor shall assist the Purchaser to complete the change of industrial and commercial registration so that the Sale Shares are under the name of the Purchaser within 30 days of payment of the First Payment. Completion shall take place upon the completion of change of industrial and commercial registration procedures for the Sale Shares.

**Security:** The Purchaser has agreed to execute a share charge over the Sale Shares in favor of the Vendor to secure the Purchaser’s performance of the obligations under the SPA (“**Share Charge**”).

In the event the Purchaser fails to complete the procedures for the Share Charge within 3 months of signing of the SPA due to the Purchaser's fault, the Vendor shall have the right to terminate the SPA. In such event, the Purchaser shall procure the industrial and commercial registration of the Sale Shares to be changed back to under the name of the Vendor within 3 days after being served with the termination notification.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon completion of the Disposal, the Vendor will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Subject to further audit procedures to be performed by the auditors of the Company, as a result of the Disposal, it is expected that the Group will record a gain of approximately HK\$3,500,000, being the difference between the consideration and the unaudited net asset value of the Target Company attributable to the Group as at 31 October 2021.

The net proceeds to be received from the Disposal will be applied towards the general working capital requirements of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Target Company is principally engaged in the handsets business and was acquired with the objective of improving the Group's handsets and IOT terminal business. The Target Company was acquired by the Vendor from the Purchaser at the consideration of USD3,000,000 (equivalent to HK\$23,400,000) pursuant to an agreement dated 18 February 2019. Such acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Directors considered that the expected synergy between the Target Company and the Group has not materialized and not contributed to the development of the Group's core business as anticipated. Accordingly, the Group has determined to focus its resources on the development of other parts of its key business segment. The Group's strategy is to perform evaluation and make changes where necessary to generate the greatest return to the Group. The Board expects the Disposal will not have any material impact on the operations of the Group and that the Disposal will also enhance the cash position and working capital of the Group.

The Directors considered that the consideration of USD3,000,000 is fair and reasonable and is determined having considered the original acquisition costs to the Group and the business performance of the Target Company.

On such basis, the Directors (including the independent non-executive Directors) consider that the terms of the SPA are on normal commercial terms and fair and reasonable and that it is in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE GROUP, THE PURCHASER AND THE TARGET COMPANY**

### **The Group**

Since April 2021, the core business of the Group comprises (i) the ODM (original design manufacturer) of handsets and IOT terminals and (ii) the EMS (electronic manufacturing services) business and the non-core business of the Group comprises properties management.

### **The Vendor**

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

### **The Purchaser**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is principally engaged in the trading business and the ultimate beneficial owner controlling more than one-third of the Purchaser is Huang Yongqiang; (ii) Huang Yongqiang is the ultimate beneficial owner of Shanghai Lianxincheng which holds 29.5% interest in Shanghai Jizhi; (iii) the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

### **The Target Company**

The Target Company is a company established in the PRC with limited liability on 25 December 2003 and is principally engaged in the manufacturing of handsets and IOT terminals business and electronics manufacturing services business in the PRC. As at the date of this announcement, its paid up registered capital is USD3,000,000.

Certain financial information of the Target Company as extracted from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards, for the two years ended 31 December 2020 were as follows:

	<b>For the financial year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before income tax	951	395
Profit after income tax	951	395

According to the unaudited financial information of the Target Company as extracted from the unaudited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards, the unaudited total asset value and net asset value of the Target Company as at 31 October 2021 was approximately RMB52,800,000 and RMB16,300,000 respectively.

## **IMPLICATION UNDER THE LISTING RULES**

Shanghai Sunrise Simcom entered into the Previous Transaction with Shanghai Lianxincheng on 23 December 2020. As Huang Yongqiang is the ultimate beneficial owner controlling more than one-third of Shanghai Lianxincheng and the Purchaser, the SPA is aggregated with the Previous Transaction in classifying the transaction for the purpose of Chapter 14 of the Listing Rules.

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal, standalone or when aggregated with the Previous Transaction, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	SIM Technology Group Limited (stock code: 2000), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transaction”	the disposal of 29.5% equity interest in Shanghai Jizhi to Shanghai Lianxincheng on 23 December 2020, details of which are disclosed in the Company’s announcement dated 23 December 2020
“Purchaser”	Kongtop Electronics Co.Limited (康拓電子有限公司), a company incorporated in Hong Kong with limited liability

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	100% equity interest in the Target Company
“Shanghai Jizhi”	上海璣智自動化科技有限公司 (unofficial English translation being Shanghai Jizhi Automation Technology Co., Limited), a company established in the PRC with limited liability and an associated company of the Group as at the date of this announcement
“Shanghai Lianxincheng”	上海聯鋅鋅企業管理合夥企業(有限合夥) (unofficial English translation being Shanghai Lianxincheng Enterprise Management Partnership (Limited Partnership))
“Shanghai Sunrise Simcom”	上海晨興希姆通電子科技有限公司(unofficial English translation being Shanghai Sunrise Simcom Limited), an indirect wholly-owned subsidiary of the Company
“SPA”	the sale and purchase agreement dated 26 November 2021 and entered into between the Vendor as seller and the Purchaser as purchaser in relation to the disposal of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	康拓實業(深圳)有限公司(unofficial English translation being Kongtop Industrial (Shenzhen) Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“USD”	United States dollar, the lawful currency of the United States of America
“Vendor”	Simcom Holdings HK Limited (晨訊控股香港有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

By order of the Board  
**SIM Technology Group Limited**  
**Wong Cho Tung**  
*Executive Director*

*In this announcement, for the purpose of illustration only, amounts quoted in USD have been converted into HK\$ at the rate of USD1.0 to HK\$7.8. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

26 November 2021

*As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Liu Jun and Mr Zhu Wenhui, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Wu Zhe and Mr Li Minbo.*

\* For identification purposes only