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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)

ANNOUNCEMENT PURSUANT TO RULE 14.36 OF THE LISTING RULES SUPPLEMENTAL AGREEMENT TO THE SPA RELATING TO THE DISPOSAL OF 98.7% EQUITY INTEREST IN TARGET COMPANY

THE SUPPLEMENTAL AGREEMENT

On 14 June 2024, the Vendor and the Purchasers entered into the Supplemental Agreement, pursuant to which the Vendor conditionally agreed to allow the Purchasers to repay and the Purchasers agreed to repay the Outstanding Principal Amount and the Overdue Interest in accordance with the Revised Payment Schedule, as opposed to the Original Payment Schedule.

LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules as the entering into of the Supplemental Agreement constitutes a material variation of the terms of the SPA previously announced in the Announcement.

As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Supplemental Agreement are below 5%, the entering into of the Supplemental Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 23 March 2021 (“**Announcement**”) in relation to the SPA entered into between the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchasers, pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase 98.7% equity interest in the Target Company at a consideration of RMB34,180,000.00 (“**Consideration**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Completion of the Disposal took place on 6 April 2021 in accordance with the terms of the SPA, and since then, the Group ceased to have any interest in the Target Company.

Pursuant to the payment schedule set out in the SPA (“**Original Payment Schedule**”), the remaining amount of the Consideration, being RMB30,762,000.00 (“**Remaining Consideration**”) shall be paid by the Purchasers to the Vendor in six yearly installments payable on or before 31 December of year 2021 to 2026, plus interest accrued on such sum at an annualized rate of 7% from 1 January 2021 to the actual date of payment (both dates inclusive).

Default by the Purchasers occurred since the payment date of the first installment on 31 December 2021 and the Purchasers could only be able to pay part of the Remaining Consideration during the period from April 2022 to December 2023. As at 31 December 2023, the Purchasers had paid an aggregate sum of RMB7,280,340.00 to the Group and the aggregate outstanding sum amounted to RMB29,531,152.05, comprising RMB25,635,000.00 as outstanding principal amount (“**Outstanding Principal Amount**”) and RMB3,896,152.05 as outstanding overdue interest (“**Overdue Interest**”).

THE SUPPLEMENTAL AGREEMENT

Due to the Purchasers’ failure to pay the Consideration in accordance with the Original Payment Schedule and to reflect results of negotiation between the parties to restructure the outstanding indebtedness under the SPA, on 14 June 2024, the Vendor and the Purchasers entered into the Supplemental Agreement, pursuant to which the Vendor conditionally agreed to allow the Purchasers to repay and the Purchasers agreed to repay the Outstanding Principal Amount and the Overdue Interest in accordance with a revised payment schedule (“**Revised Payment Schedule**”), as opposed to the Original Payment Schedule.

The principal terms of the Supplemental Agreement are as follows:

Date: 14 June 2024

Parties: (1) The Vendor; and
(2) The Purchasers.

The Revised Payment Schedule: The Outstanding Principal Amount plus interest accrued on such sum at an annualized rate of 4% (“**Interest Rate**”) from 1 January 2024 to the actual date of payment (both dates inclusive) shall be payable by the Purchasers in 15 installments with the last installment payment date being scheduled for 31 December 2028.

The Overdue Interest shall be payable by the Purchasers in four installments with the last installment payment date being scheduled for 31 December 2027.

Condition: The Purchasers shall strictly comply with the Revised Payment Schedule.

In the event that the Purchasers fail to settle any of the installments in accordance with the Revised Payment Schedule, the Supplemental Agreement shall be void and the undertaking given thereunder by the Vendor to accept repayments made in accordance with the Revised Payment Schedule by the Purchasers as full and final settlement of the Consideration under the SPA shall lapse immediately. In which case, the obligation of the Purchasers to settle the Consideration shall continue to be governed by the SPA and the Purchasers shall be liable to any accrued interest (including the Overdue Interest) calculated based on the Original Payment Schedule and at an annualized rate of 7% as provided in the SPA.

For the avoidance of doubt, the effectiveness and enforceability of the Supplemental Agreement shall have no impact on the obligations of the Purchasers and the Vendor under the Property Charge Contract, especially the exercise of the Vendor's rights as a chargee.

Save as otherwise agreed in the Supplemental Agreement as disclosed herein, the other terms of the SPA remain valid and unchanged.

INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Group is principally engaged in the manufacturing, design and development and sale of handsets and internet of things (“IOT”) terminals business and property management in the PRC.

The Vendor

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in the development of IOT system and online-to-offline equipment in the PRC.

The Purchasers

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchasers are businessmen in the PRC; (ii) Huang Xiaoyan is a director and the general manager of the Target Company and the spouse of Cheng Shuchun; and (iii) the Purchasers are Independent Third Parties who, as at the date of this announcement, jointly own 81% interest in the Target Company.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The terms of the Supplemental Agreement (including the Revised Payment Schedule and the Interest Rate) were negotiated and entered into by the Vendor and the Purchasers on an arm's length basis taking into account the Purchasers' actual payment progress and repayment abilities.

Since the default in payment of the Remaining Consideration by the Purchasers, the Group had been paying effort to follow up with the Purchasers with a view to recovering the overdue sum. Having considered the adverse impact of the COVID-19 pandemic on the PRC's economy which might have contributed to the Purchasers' failure to pay the Remaining Consideration in accordance with the Original Payment Schedule, the Purchasers' current financial condition, the prevailing condition of the PRC's property market and the potential expenses (including but not limited to transaction, legal and other related costs) that would have incurred by the Vendor to enforce its rights as the chargee under the Property Charge Contract, the Directors are of the view that entering into the Supplemental Agreement is necessary to avoid aggravating the negative consequences owing to the failure of timely payment on the part of the Purchasers. In addition, the Company is of the view that the terms of the Supplemental Agreement will, on one hand, facilitate repayment process by the Purchasers under the Revised Payment Schedule, and, on the other hand, reserve the Group's rights to enforce the SPA and the Property Charge Contract against the Purchasers.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules as the entering into of the Supplemental Agreement constitutes a material variation of the terms of the SPA previously announced in the Announcement.

As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Supplemental Agreement are below 5%, the entering into of the Supplemental Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	SIM Technology Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules)
“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 People’s Republic of China and Taiwan
“Property”	a private property in Shanghai, the PRC (with a gross area of 239.34 m ²) owned by the Purchasers
“Property Charge Contract”	the property charge contract dated 23 March 2021 and entered into between the Vendor and the Purchasers, pursuant to which, the Purchasers agreed to charge the Property in favour of the Vendor as guarantee for the obligations of the Purchasers under the SPA, the details of which were disclosed in the announcement of the Company dated 23 March 2021
“Purchasers”	Cheng Shuchun and Huang Xiaoyan
“RMB”	Renminbi, the lawful currency of the PRC
“SPA”	the sale and purchase agreement dated 23 March 2021 and entered into between the Vendor as seller and the Purchasers as purchasers in relation to the disposal of 98.7% equity interest in the Target Company, the details of which were disclosed in the announcement of the Company dated 23 March 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the SPA dated 14 June 2024 and entered into between the Vendor and the Purchasers

“Target Company”	上海雲灝貿易有限公司 (unofficial English translation being Shanghai Yunhao Trading Limited) (currently known as 上海雲灝智能數字科技有限公司 (unofficial English translation being Shanghai Yunhao Intelligent Digital Technology Co., Limited)), a company established in the PRC with limited liability, which was an indirect non-wholly owned subsidiary of the Company
“Vendor”	上海雲貿物聯網科技有限公司 (unofficial English translation being Shanghai Yunmao IOT Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
SIM Technology Group Limited
Wong Cho Tung
Chairman

14 June 2024

As at the date of this announcement, the executive Directors are Mr. Wong Cho Tung, Ms. Yeung Man Ying, Mr. Zhu Wenhui and Mr. Zhu Qi, the non-executive Director is Mr. Wong Hei, Simon, and the independent non-executive Directors are Mr. Liu Hing Hung, Mr. Li Minbo and Mr. Yang Wentao.

* *For identification purposes only*