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SIM Technology

SIM TECHNOLOGY GROUP LIMITED

晨訊科技集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 2000)

CONNECTED TRANSACTION: PROVISION OF LOAN

The Board announces that, on 3 January 2019, SYRE (a non-wholly owned subsidiary of the Company) and Shanghai Chenyu entered into the Loan Agreement, pursuant to which SYRE shall provide a loan in the principal amount of RMB33 million (equivalent to HK\$37.62 million) to Shanghai Chenyu. The Loan bears interest at the rate of 4.35% per annum and is repayable on 31 December 2019.

By virtue of the relationship between the parties as described below, Shanghai Chenyu is a connected person of the Company and the provision of the Loan to Shanghai Chenyu constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Loan is more than 0.1% but less than 5%, the connected transaction is subject to announcement and reporting requirements but exempt from independent Shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

INTRODUCTION

The Board announces that, on 3 January 2019, SYRE (a non-wholly owned subsidiary of the Company) and Shanghai Chenyu entered into the Loan Agreement, pursuant to which SYRE shall provide a loan in the principal amount of RMB33 million (equivalent to HK\$37.62 million) to Shanghai Chenyu.

PRINCIPAL TERMS OF THE LOAN AGREEMENT

Date:

3 January 2019

Parties:

SYRE (as lender) and Shanghai Chenyu (as borrower)

Subject matter:

Pursuant to the Loan Agreement, SYRE provides the Loan in the principal amount of RMB33 million (equivalent to HK\$37.62 million) to Shanghai Chenyu. The interest rate for the Loan is 4.35% per annum and is payable by Shanghai Chenyu upon expiry of the term of the Loan.

The Loan shall mature on 31 December 2019. Should there be early repayment of the Loan before the maturity date, interest would be calculated according to the actual days of borrowing.

The principal amount of the Loan together with the interests accrued thereon will be repaid to SYRE in one lump sum upon the expiry of the term of the Loan.

Early repayment is permitted without any penalty or prepayment fee.

INFORMATION OF THE GROUP, SYRE AND SHANGHAI CHENYU

The Group is principally engaged in the PRC in (1) the ODM (original design manufacturer) of handsets and intelligent terminals; (2) the provision of EMS (electronic manufacturing services) in wireless communication modules business; (3) intelligent manufacturing business; (4) internet of things business; (5) property development in a small scale, and (6) property rental management business.

SYRE is a non-wholly owned subsidiary of the Company held as to 60% by the Group and the remaining 40% by Shanghai Chenyu. It is principally engaged in property development in Shenyang.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business of Shanghai Chenyu is investment and property development.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

The Loan will be funded from SYRE's idle fund. SYRE is in the course of undergoing a capital reduction to distribute the idle fund back to its shareholders. Before the completion of the capital reduction, the Group and Shanghai Chenyu has respectively entered into a loan agreement (i.e. one of them being the Loan Agreement between Shanghai Chenyu and SYRE) with SYRE to borrow such idle fund from SYRE in the loan amount proportional to their respective percentage shareholding in SYRE at the same interest rate and with the same maturity date. It is expected that the Group and Shanghai Chenyu will repay the Loan to SYRE after completion of the capital reduction. The terms of the Loan Agreement, including the interest rate, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors considered that given the loan principal granted to the Group and Shanghai Chenyu is proportional to their equity interest in SYRE, and the terms of both loan agreements (including the interest rate) are the same, the grant of the loan to the Group and Shanghai Chenyu is in the interest of the Group for effective use of the idle fund of SYRE, and is fair and reasonable.

The Directors consider that the Loan Agreement is beneficial to the Group in terms of return and risk control. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole though it is not in the ordinary and usual course of business of the Company.

Save for Mr Wong Cho Tung and Ms Yeung Yeung Man Ying, no other Director is deemed to have a material interest in the transactions contemplated under the Loan Agreement and therefore no other Director was required to abstain from voting on the board resolutions which approved the Loan Agreement, and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Shanghai Chenyu is a substantial shareholder of SYRE. The ultimate controlling beneficial owner of Shanghai Chenyu, Mr Wong Sun, is a son of Mr Wong Cho Tung and Ms Yeung Yeung Man Ying, who are the executive Directors. Accordingly, Shanghai Chenyu is a connected person of the Company and the provision of the Loan to Shanghai Chenyu constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Loan is more than 0.1% but less than 5%, the connected transaction is subject to announcement and reporting requirements but exempt from independent Shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Board”	the board of Directors
“Company”	SIM Technology Group Limited (晨訊科技集團有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the 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”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan of RMB33 million as mentioned in the Loan Agreement
“Loan Agreement”	the loan agreement dated 3 January 2019 between SYRE and Shanghai Chenyu in respect of the provision of Loan
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shanghai Chenyu”	上海晨鈺投資有限公司 (unofficial English translation as Shanghai Chenyu Investment Limited), a company incorporated in the PRC with limited liability and holding 40% equity interest of SYRE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYRE”	Shenyang SIM Real Estate Limited, a 60%-owned subsidiary of the Company incorporated in the PRC with limited liability
“%”	per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14. 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.

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

3 January 2019

As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Ms Tang Rongrong and Mr Liu Jun, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Wang Tianmiao and Mr Wu Zhe.

* *For identification purposes only*