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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)

BUSINESS UPDATE PROPOSED INVESTMENT IN DONGGUAN

The board of directors of SIM Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to update the shareholders of the Company its recent business development.

After detailed and careful analysis and consideration, the Group decided to develop a technological industrial park in Huangjiang Town, Dongguan (the “**Project**”) to serve as the Group’s southern base in the People’s Republic of China and support its business in smart manufacturing, mobile phones and data communication products. It is expected that the industrial park will also serve as a supply chain management and logistics centre of the Group.

Therefore, on 26 January 2021, Shanghai SIM Technology Limited (“**Shanghai SIM Tech**”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with the People’s Government of Huangjiang Town, Dongguan, to signify the Group’s intention to invest an aggregate amount of RMB2,000,000,000 to develop the Group’s own technological industrial park in Huangjiang Town, Dongguan, thereby consolidating the Group’s operations and maximizing its development potential. It is expected that the Group will invest RMB1,000,000,000 in fixed asset investment and the remaining RMB1,000,000,000 for operating cashflow.

The investment and development will be carried out in phases according to the development plan. It is expected that the development will kick off in June 2021 and will be completed by the end of 2024. No formal agreement relating to the acquisition of land and/or construction of the industrial park has been entered into by the Group. The Company will comply with the applicable Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited when the Group enters into formal agreement relating to the Project.

Reference is also made to the circular of the Company dated 18 January 2018 in relation to a major disposal of the Company (the “**Circular**”).

As disclosed in the Circular, the Group intends to apply (i) approximately RMB170 million from the net proceeds for the purchase of the land for the Group’s operations centre in Dongguan, the PRC and the construction of the operations centre, and (ii) approximately RMB98 million from the proceeds for (a) upgrading the production facilities of the Group in Shanghai and the above operations centre and development of an automated intelligent 3D-warehouse; (b) further implementation of the digitization, networking and intelligent processes by Industry 4.0; and (c) enhancing the competitiveness of the high-end handsets ODM (original design manufacturing) and EMS (electronic manufacturing services) businesses.

In view of the new development plan as mentioned above, the Group intends to deploy the proceeds designated above for the Project.

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

26 January 2021

As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung 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*