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芯成科技
- SINO ICT -

SINO ICT HOLDINGS LIMITED

芯成科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00365)

**MAJOR TRANSACTION
IN RELATION TO THE PROPOSED DISPOSAL OF
48% EQUITY INTEREST IN AN ASSOCIATE**

THE FORMER DEEMED DISPOSAL

Reference is made to the circular and the announcements of the Company dated 16 July 2018, 11 June 2018 and 2 May 2018, respectively, regarding a major transaction in relation to the deemed disposal of equity interest in a former subsidiary.

On 2 May 2018 (after trading hours), Unisplendour Investment, an indirectly wholly-owned subsidiary of the Company, Sino IC Leasing and Sino IC (Shenzhen) Leasing (formally known as Unisplendour Si-Cloud Financial Leasing Co., Ltd.* (紫光芯雲融資租賃有限公司)) entered into the capital increase agreement, pursuant to which Sino IC Leasing conditionally agreed to subscribe for the additional registered capital of Sino IC (Shenzhen) Leasing. The transactions contemplated under the Capital Increase Agreement was approved at the special general meeting held on 7 August 2018. After the completion of such transactions, Sino IC Leasing holds 51% equity interest in Sino IC (Shenzhen) Leasing, while the Group's equity interest in Sino IC (Shenzhen) Leasing decreases to 49%. As such, Sino IC (Shenzhen) Leasing changed from a wholly-owned subsidiary of the Company to an associate of the Company and ceased to be consolidated into the Company's consolidated financial statements.

THE PROPOSED DISPOSAL

On 1 April 2021 (after trading hours), Unisplendour Investment and Sino IC Leasing entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Unisplendour Investment (as the seller) has conditionally agreed to sell, and Sino IC Leasing (as the purchaser) has conditionally agreed to purchase, the 48% equity interest of Sino IC (Shenzhen) Leasing at the consideration of RMB211,110,295.37. Upon Completion, the equity interest held by Unisplendour Investment and Sino IC Leasing in Sino IC (Shenzhen) Leasing will be 1% and 99%, respectively. Prior to and after the Completion, Sino IC (Shenzhen) Leasing is and will continue be an associate of the Company.

USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The net cash proceeds (net of estimated taxes and transaction costs) from the Proposed Disposal is expected to be approximately RMB210,155,575.60, which the Company intends to use for general working capital of the Group.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) exceed(s) 25% but is less than 75%, the Proposed Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held at which ordinary resolution(s) will be proposed for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, further details of the Equity Transfer Agreement and other information as required under the Listing Rules will be dispatched to the Shareholders on or before 23 April 2021.

Shareholders and potential investors of the Company should note that Proposed Disposal may or may not proceed as it is subject to a number of conditions, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

THE FORMER DEEMED DISPOSAL

Reference is made to the circular and announcements of Sino ICT Holdings Limited (the "**Company**") dated 16 July 2018, 11 June 2018 and 2 May 2018, respectively, regarding a major transaction in relation to the deemed disposal of equity interest in a former subsidiary.

On 2 May 2018 (after trading hours), Unisplendour Investment, an indirectly wholly-owned subsidiary of the Company, Sino IC Leasing and Sino IC (Shenzhen) Leasing (formally known as Unisplendour Si-Cloud Financial Leasing Co., Ltd.* (紫光芯雲融資租賃有限公司)) entered into the capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which Sino IC Leasing conditionally agreed to subscribe for the additional registered capital of Sino IC (Shenzhen) Leasing. The transactions contemplated under the Capital Increase Agreement was approved at the special general meeting held on 7 August 2018. After the completion of such transactions, Sino IC Leasing holds 51% equity interest in Sino IC (Shenzhen) Leasing, while the Group’s equity interest in Sino IC (Shenzhen) Leasing decreases to 49%. As such, Sino IC (Shenzhen) Leasing changed from a wholly-owned subsidiary of the Company to an associate of the Company and ceased to be consolidated into the Company’s consolidated financial statements.

THE PROPOSED DISPOSAL

On 1 April 2021 (after trading hours), Unisplendour Investment and Sino IC Leasing entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Unisplendour Investment (as the seller) has conditionally agreed to sell, and Sino IC Leasing (as the purchaser) has conditionally agreed to purchase, the 48% equity interest of Sino IC (Shenzhen) Leasing at an consideration of RMB211,110,295.37. Upon Completion, the equity interest held by Unisplendour Investment and Sino IC Leasing in Sino IC (Shenzhen) Leasing will be 1% and 99%, respectively. Prior to and after the Completion, Sino IC (Shenzhen) Leasing is and will continue be an associate of the Company.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date : 1 April 2021 (after trading hours)

Parties : Unisplendour Investment Holding Co. Limited, an indirectly wholly-owned subsidiary of the Company, as the seller

Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司), as the purchaser

Subject of the Proposed Disposal

Pursuant to the Equity Transfer Agreement, Unisplendour Investment has conditionally agreed to sell, and Sino IC Leasing has conditionally agreed to purchase, the 48% equity interest of Sino IC (Shenzhen) Leasing at a consideration of RMB211,110,295.37.

Consideration

The Consideration for the Sale Shares shall be RMB211,110,295.37 (equivalent to approximately HK\$250.23 million). The Consideration will be paid in cash by Sino IC Leasing to Unisplendour Investment within thirty (30) Business Days upon the fulfillment or waiver of the conditions precedent of the Equity Transfer Agreement.

Basis of the Consideration

The Consideration was determined after arms' length negotiations between Unisplendour Investment and Sino IC Leasing with reference to, among others, the audited net asset value of Sino IC (Shenzhen) Leasing as at 31 January 2021 and the valuation of Sino IC (Shenzhen) Leasing as at 31 January 2021 as stated in the asset valuation report prepared by an independent third party valuer.

Conditions Precedent

The Completion is conditional upon the satisfaction or waiver (save for condition (1) below which is not waivable) in accordance with the terms of the Equity Transfer Agreement of the Conditions set out below:

- (1) all necessary internal and external approval and decision making procedures required for the Proposed Disposal have been completed, including but not limited to all internal and external approval, internal decision making procedures, board approval and shareholders' approval of Unisplendour Investment, the Company and its related parties in accordance with the laws of PRC and Hong Kong (including but not limited to the Listing Rules and the Securities and Futures Ordinance (Cap. 571));
- (2) all formalities required for the remittance of the Consideration to the receiving account designated by Unisplendour Investment have been completed in accordance with the provisions of the PRC laws and the requirements of the relevant PRC government agencies, including but not limited to the completion of the registration formalities for the Proposed Disposal with the Market Supervision and Administration Bureau, and the payment of the tax to be paid by Unisplendour Investment or Sino IC Leasing and obtain the tax payment certificate;
- (3) no government agency has formulated, issued, promulgated, implemented or passed any law or government decree (whether temporary, initial or permanent) which renders the transactions under the Equity Transfer Agreement illegal or restricts or prevents the Completion;
- (4) all third party consents required for the Proposed Disposal have been obtained;
- (5) the statements and warranties made by Unisplendour Investment in the Equity Transfer Agreement has been true and accurate in all respects as of the Completion Date;
- (6) Unisplendour Investment has performed and abided by all agreements and commitments required by the Equity Transfer Agreement to be performed or complied with on or before the Completion Date in all material respects; and
- (7) there has been no significant adverse change in Sino IC (Shenzhen) Leasing since the date of signing of the Equity Transfer Agreement.

Completion

The Completion shall take place upon the payment of the Consideration in full by Sino IC Leasing to Unisplendour Investment.

INFORMATION ON SINO IC (SHENZHEN) LEASING

Sino IC (Shenzhen) Leasing, formally known as Unisplendour Si-Cloud Financial Leasing Co., Ltd.* (紫光芯雲融資租賃有限公司), is a limited liability company incorporated in the PRC on 18 July 2014. It is an associate of the Company prior to and after the Completion and is mainly engaged in finance leasing.

The following table sets out the audited financial information of Sino IC (Shenzhen) Leasing for the year ended 31 December 2020 and the year ended 31 December 2019.

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2019 RMB
Revenue	54,979,002.18	23,895,897.89
Profit before tax	23,351,539.25	8,370,154.87
Profit after tax	17,432,181.86	6,277,099.46

The audited net assets value of Sino IC (Shenzhen) Leasing as at 31 January 2021 and the valuation of Sino IC (Shenzhen) Leasing as at 31 January 2021 as stated in the asset valuation report prepared by an independent third party valuer were both approximately RMB439.81 million.

INFORMATION ON UNISPLENDOUR INVESTMENT AND THE GROUP

The Group is principally engaged in SMT equipment manufacturing and related businesses, and securities investment.

Unisplendour Investment, an indirectly wholly-owned subsidiary of the Company, is a limited liability company incorporated in Hong Kong and is mainly engaged in investment holding.

INFORMATION ON SINO IC LEASING

Sino IC Leasing is a company established in the PRC and is principally engaged in finance leasing and other leasing business. Sino IC Leasing is owned as to approximately 13.89% by Zhejiang Qixin Technology Limited* (浙江齊芯科技有限責任公司) (“**Zhejiang Qixin**”), as to approximately 5.24% by Tsinghua Unigroup Co., Ltd.* (紫光集團有限公司) (“**Tsinghua Unigroup**”) through its indirectly wholly-owned subsidiaries 西藏紫光清彩投資有限公司 and Unisplendour Xiangjiang Limited* (紫光香江有限公司) and approximately 80.87% by 17 other entities, amongst which, no individual entity owned over 10% equity interest in Sino IC Leasing.

INFORMATION ON SINO IC LEASING (CONTINUED)

Zhejiang Qixin is a company established in the PRC with limited liability and principally engaged in technology development and consultancy. Zhejiang Qixin is owned as to 99.9% by Jiaxing Qixin Equity Investment Partnership (Limited Partnership)* (嘉興齊芯股權投資合夥企業(有限合夥)) (“**Jiaxing Qixin**”) and 0.1% by Zhejiang Honghu Yuanzhi Corporate Management Limited* (浙江鴻鵠遠志企業管理有限公司) (“**Honghu Yuanzhi**”). As confirmed by Sino IC Leasing, as at the date of this announcement, (i) Zhejiang Honghu Mingrui Corporate Management Limited* (浙江鴻鵠明睿企業管理有限責任公司) is the general partner of Jiaxing Qixin and is owned as to 40% by Honghu Yuanzhi, which is in turn wholly-owned by Zhang Yan* (張彥), (ii) two state-owned entities in the PRC, namely Jiaxing Yangtze River Delta Innovation Investment Group Co., Ltd.* (嘉興長三角創新投資集團有限公司) (“**Jiaxing Yangtze River**”) and Haining Industrial Assets Management Co., Ltd.* (海寧市實業資產經營有限公司) (“**Haining Industrial Assets**”), collectively held approximately 37.92% equity interest in Jiaxing Qixin, being the single largest group of limited partners of Jiaxing Qixin, (iii) Jiaxing Yangtze River is directly wholly-owned by Jiaxing Investment Fund Management Service Center* (嘉興市投資基金管理服務中心), which is state-owned in the PRC, and (iv) Haining Industrial Assets is indirectly owned as to 90% by State-owned Assets Supervision and Administration Office of People’s Government of Haining City* (海寧市人民政府國有資產監督管理辦公室) and 10% by Zhejiang Finance Development Co., Ltd.* (浙江省財務開發有限責任公司), which is also state-owned.

UNIC Capital Management Co., Ltd.* (中青芯鑫(蘇州工業園區)資產管理有限責任公司)(“**UNIC Capital**”) is indirectly interested in approximately 50.1% equity interest of Sino Xin Ding. UNIC Capital is owned as to approximately 49.5% by Sino IC Leasing and as to approximately 49.0% by Zhongqing Xintou Holding Co. Ltd.* (中青信投控股有限責任公司) which is a wholly-owned subsidiary of Tsinghua Unigroup. As confirmed by Sino IC Leasing, UNIC Capital is not a subsidiary of Sino IC Leasing.

Mr. Du Yang, an executive Director and chairman of the Board, is the legal representative, chairman and general manager of Sino IC Leasing. Mr. Yuan I-Pei, an executive Director is an executive vice president of Sino IC Leasing and a director of Sino IC (Shenzhen) Leasing. Mr. Xia Yuan, an executive Director and chief executive officer of the Company, is an executive vice president of Sino IC Leasing and the legal representative and chairmen of Sino IC (Shenzhen) Leasing. In view of Mr. Du Yang, Mr. Yuan I-Pei and Mr. Xia Yuan’s positions in Sino IC Leasing and/or Sino IC (Shenzhen) Leasing, and for the avoidance of any potential conflict of interest, the afore-mentioned three directors abstained from voting at the meeting of the Board in relation to approval of the Equity Transfer Agreement.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, saved as disclosed above, Sino IC Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal will benefit the Company to activate its existing assets, optimise its capital structure, re-allocate its resources and bring driving forces to the Company's main and new businesses. In recent years, the Company's business focus has been further extended to the existing SMT equipment manufacturing and semiconductor business, and it also actively explores the development, management and operation of the science and technology industrial parks to expand new revenue and profit sources for the Company. In the future, the Company will continue to invest its resources in the above-mentioned business areas.

Accordingly, the Directors (including the independent non-executive Directors except those Directors who had abstained from voting at the meeting of the Board) are of the view that the terms of the Equity Transfer Agreement are made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The net cash proceeds (net of estimated taxes and transaction costs) from the Proposed Disposal is expected to be approximately RMB210,155,575.60, which the Company intends to use for general working capital of the Group.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Upon Completion, the equity interest held by Unisplendour Investment in Sino IC (Shenzhen) Leasing will decrease from 49% to 1%. Prior to and after the Completion, Sino IC (Shenzhen) Leasing is and will continue be an associate of the Company.

As at the date of this announcement, it is estimated the Group will realise a net gain on the Proposed Disposal of approximately RMB7.64 million (net of estimated taxes and transaction costs), which is calculated by reference to the difference between the consideration of RMB211,110,295.37 and the 48% equity attributable to the Company in Sino IC (Shenzhen) Leasing as at 31 January 2021 (i.e. approximately RMB202,513,094.05). The actual gain as a result of the Proposed Disposal to be recorded by the Group is subject to audit and will be reassessed after the Completion.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) exceed(s) 25% but is less than 75%, the Proposed Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held at which ordinary resolution(s) will be proposed for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

GENERAL (CONTINUED)

A circular containing, inter alia, further details of the Equity Transfer Agreement and other information as required under the Listing Rules will be dispatched to the Shareholders on or before 23 April 2021.

Shareholders and potential investors of the Company should note that the Proposed Disposal may or may not proceed as it is subject to a number of conditions, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

“Board”	the board of Directors
“Business Day”	a day on which banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Company”	Sino ICT Holdings Limited (Stock Code: 00365), a company incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the Proposed Disposal
“Completion”	completion of the transactions contemplated under the Equity Transfer Agreement
“Completion Date”	the date on which the Completion take place
“Controlling Shareholder”	as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 1 April 2021 (after trading hours) entered into by Unisplendour Investment and Sino IC Leasing, pursuant to which Unisplendour Investment has conditionally agreed to sell, and Sino IC Leasing has conditionally agreed to purchase, the 48% equity interest in Sino IC (Shenzhen) Leasing at a consideration of RMB211,110,295.37
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and the region commonly called as Taiwan
“Proposed Disposal”	the proposed disposal of the Sale Shares by Unisplendour Investment to Sino IC Leasing as contemplated under the Equity Transfer Agreement
“RMB”	renminbi, the lawful currency of the PRC
“Sale Share”	the 48% equity interest in Sino IC (Shenzhen) Leasing held by Unisplendour Investment prior to the Completion
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Sino IC Leasing”	Sino IC Leasing Co., Ltd. (芯鑫融資租賃有限責任公司), a limited liability company established under the laws of the PRC
“Sino IC (Shenzhen) Leasing”	Sino IC Leasing (Shenzhen) Co., Ltd.* (芯鑫融資租賃(深圳)有限責任公司), formally known as Unisplendour Si-Cloud Financial Leasing Co., Ltd.*(紫光芯雲融資租賃有限公司), a limited liability company established under the laws of the PRC.
“Sino Xin Ding”	Sino Xin Ding Limited (芯鼎有限公司), a company incorporated in Hong Kong with limited liability and one of the controlling shareholders of the Company which is holding approximately 67.85% of the entire issued share capital in the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Unisplendour Investment”	Unisplendour Investment Holding Co. Limited, a limited liability company incorporated under the laws of Hong Kong and an indirectly wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board of
Sino ICT Holdings Limited
Du Yang
Chairman

Hong Kong, 1 April 2021

As at the date of this announcement, the directors are Mr. Du Yang, Mr. Yuan I-Pei and Mr. Xia Yuan as executive directors; Mr. Li Yongjun and Mr. Li Jinxian as non-executive directors; and Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan as independent non-executive directors.

** for identification purposes only*