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SMIT HOLDINGS LIMITED

國微控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2239)

**MAJOR TRANSACTION
DISPOSAL OF EQUITY INTEREST IN S2C SHANGHAI**

EQUITY TRANSFER

The Board is pleased to announce that on 6 September 2025, the Company, its subsidiary S2C Holding and S2C Shanghai entered into the Equity Transfer Agreement with the Investor, pursuant to which S2C Holding has conditionally agreed to sell, and the Investor has conditionally agreed to purchase, 16% of the equity interest in S2C Shanghai, at a consideration of RMB211,665,760.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Equity Transfer is more than 25% but less than 75%, the Equity Transfer constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Equity Transfer. Thus, no Shareholders are required to abstain from voting in favour of the resolution approving the Equity Transfer.

As at the date of this announcement, Ever Expert and Mr. Huang, hold 184,207,777 and 5,708,624 shares respectively in the Company, representing a total of approximately 58.45% of the entire issued share capital of the Company. Ever Expert is a company indirectly owned as to 99% by Mr. Huang. Hence, Ever Expert and Mr. Huang are a closely allied group of shareholders of the Company for the purpose of Rule 14.44 of the Listing Rules.

The Company proposes to obtain written approval for the Equity Transfer in accordance with Rule 14.44 of the Listing Rules from each of Ever Expert and Mr. Huang as Shareholders. Accordingly, no general meeting will be convened for the purpose of approving the Equity Transfer as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Equity Transfer and such other information as required under the Listing Rules is expected to be despatched to the Shareholders within 15 Business Days after the publication of this announcement.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE EQUITY TRANSFER IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE EQUITY TRANSFER MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

INTRODUCTION

The Board is pleased to announce that on 6 September 2025, the Company, its subsidiary S2C Holding and S2C Shanghai entered into the Equity Transfer Agreement with the Investor, pursuant to which S2C Holding has conditionally agreed to sell, and the Investor has conditionally agreed to purchase, 16% of the equity interest in S2C Shanghai, at a consideration of RMB211,665,760.

THE EQUITY TRANSFER AGREEMENT

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

Date:

6 September 2025

Parties:

- (i) S2C Shanghai (as the target)
- (ii) S2C Holding (as transferor)
- (iii) the Company
- (iv) the Investor (as transferee)

Equity Transfer

As at the date of this announcement, S2C Holding holds 29.75% of equity interests in S2C Shanghai.

Pursuant to the Equity Transfer Agreement, S2C Holding has conditionally agreed to sell, and the Investor has conditionally agreed to purchase, 16% of the equity interest in S2C Shanghai. The Investor may nominate its related party or fund(s) set up or managed by the Investor as fund manager to complete the Equity Transfer.

Consideration

The Consideration of the Equity Transfer is RMB211,665,760, which was arrived at after arm's length negotiations between parties to the Equity Transfer Agreement taking into account, among other things, the current operation results and the future business plan of S2C Shanghai Group, as well as the appraised value of 16% of the equity interest of S2C Shanghai of approximately RMB212,179,000 conducted by an independent valuer commissioned by the Company.

The Consideration shall be settled by the Investor in two instalments in immediately available funds in the following manner:

- (a) the Consideration, after deducting any enterprise income tax and other taxes payable by the Investor and RMB10,000,000, shall be paid on Completion Date; and
- (b) the remaining RMB10,000,000 shall be paid on the date falling 12 months after the Completion Date.

Valuation

The valuation for the appraised value of 16% of the equity interest of S2C Shanghai was conducted by RHL Appraisal Limited (the “**Valuer**”), an independent and qualified valuer, based on the market approach. When selecting the valuation methodology, the three generally accepted methods, including the asset approach, market approach and the income approach, were considered.

In relation to asset approach, the future economic benefits associated with the subject asset and business operation might not be captured easily, as this approach primarily relies on the revaluation of items on S2C Shanghai’s balance sheet as of the valuation date. This approach is particularly suited for companies with significant asset holding, such as properties and securities on their balance sheets, which is not applicable to S2C Shanghai.

Meanwhile, income approach relies primarily on the projection of future cash flows and estimation of the discount rate of S2C Shanghai. It is also not considered to be an appropriate approach as it involves the adoption of assumptions which are unobservable and more subjective as compared to the other approaches.

Market approach is appropriate to the valuation of S2C Shanghai since there are sufficient comparable companies listed in the stock exchanges in the PRC and the United States of America. This approach makes references to observable valuation multiples from comparable companies and thus provides a more objective valuation that reflects market conditions and investor sentiment as of the valuation benchmark date.

The valuation benchmark date of S2C Shanghai was 30 June 2025.

The valuation was prepared by taking into account, including but not limited to, the following assumptions:

- there would be no material changes in existing political, legal, regulatory, technological, fiscal, market or economic conditions which might adversely affect the economy in general and the business;
- in arriving at the Valuer's opinion, the Valuer had assumed and relied extensively upon the accuracy and completeness of the information provided to the Valuer by the Company such as financial statements, documents and oral conversation through correspondences and interviews. The financial statements of S2C Shanghai were prepared in accordance to the applicable accounting standard. The Valuer did not independently investigate or otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness;
- S2C Shanghai was expected to continue as a going concern, having the capability and intention to successfully execute all necessary activities required to develop and grow its business operations;
- there were no hidden or unexpected conditions associated with S2C Shanghai that might adversely affect the reported values;
- prudent management of S2C Shanghai would continue over whatever period of time that would be reasonable and necessary to maintain the character and integrity of the Company; and
- interest rate, tax rates, inflation, population, and industry policies would not undergo significant changes.

Conditions Precedent

Completion is subject to the following conditions being fulfilled and satisfied (or waived, if applicable):

- (a) the representations, warranties and undertakings given by the Investor as at the date of the Equity Transfer Agreement and the Completion Date remaining true and accurate in all respects, and all undertakings and agreements to be fulfilled by the Investor on or before Completion Date pursuant to the Equity Transfer Agreement having been fulfilled;
- (b) the Investor having signed and delivered to S2C Shanghai all transaction documents to which it is a party;
- (c) the Investor having completed all procedures relating to currency exchange in relation to the Consideration payable to S2C Shanghai;
- (d) the designated entity of the Investor having been legally established and completed filings in relation to private funds and having signed all necessary legal documents in relation to the Equity Transfer;
- (e) the representations, warranties and undertakings given by the S2C Shanghai, the Company and S2C Holding pursuant to all transaction documents as at the date of the relevant transaction documents and the Completion Date remaining true, accurate and complete in all respects and not misleading in any respect, and all undertakings and agreements to be fulfilled by S2C Shanghai, the Company and S2C Holding on or before Completion Date pursuant to the relevant transaction documents having been fulfilled;
- (f) S2C Shanghai, the Company and S2C Holding having signed and delivered to the Investor all transaction documents to which it is a party;
- (g) no legal or government orders of any applicable laws or regulations having been formulated or issued or promulgated or implemented or passed by any relevant government authority, which making any transactions under transaction documents unlawful or otherwise being prohibited or restricted;

- (h) no claims having been made against the S2C Shanghai Group or S2C Holding, which (i) aims to restrict any transactions contemplated under the transaction documents or giving rise to material changes on the terms of such transactions, or, (ii) according to the reasonable and good faith judgment of the Investor, would possibly render the completion of such transaction infeasible or unlawful, or unsuitable to proceed, or (iii) may pose material adverse impact on members of the S2C Shanghai Group or S2C Holding or their respective businesses;
- (i) the Investor having conducted all business, financial and legal due diligence on the S2C Shanghai Group, and no material discrepancies existed between the due diligence outcomes and the disclosed information of S2C Shanghai;
- (j) the Investor and S2C Shanghai having obtained all authorizations, approvals and other acknowledgement of any kind awarded or issued by any government authority or other relevant third party which are necessary for the completion of the transactions contemplated under transaction documents (including the Investor and S2C Holding having fulfilled their internal approval procedures, the Company having obtained Shareholders' approval for the Equity Transfer, and the S2C Shanghai Group having obtained the counterparty's approval (in written consent or mail confirmation) or fulfilled notification procedures (including but not limited to the written consent in relation to the Equity Transfer given by financial institutions offering loans to S2C Shanghai) for all change of control provisions under each contract containing such change of control provisions; approval for internal decision making power of S2C Shanghai (if applicable); the Equity Transfer has been notified for merger control and a decision of "no further investigation" having been obtained from the Anti-Monopoly Bureau of the State Council (if applicable)); and such authorizations and approvals not substantially amending the commercial terms under the transaction documents and being valid at Completion;
- (k) there having been no material changes on the scope of operation and nature of S2C Shanghai, no event(s) which jointly or severally pose substantial harm to the financial condition, value, business and prospects of S2C Shanghai, and no event which jointly and severally pose actual harm to the financial condition, value, business and prospect of S2C Shanghai is expected to occur;

- (l) the core management team of S2C Shanghai having formally working at S2C Shanghai full-time, and S2C Shanghai and/or other members in the S2C Shanghai Group having signed labour agreements, confidentiality agreements, non-compete agreements and intellectual property invention agreement with all members of the core management team, or having signed labour agreements which contains non-compete, no-solicitation, ownership of intellectual property rights and confidentiality provisions, and there having been no risk of violation of competition restrictions on all members in the core management team;
- (m) S2C Shanghai, the Company and S2C Holding having complied with all applicable obligations under the transaction documents and no violation on all applicable undertakings under the transaction documents;
- (n) all agreements, promises or other binding documents in relation to S2C Shanghai as guarantor or guarantee of any kind having been terminated, or approved by the Investor;
- (o) all details of indebtedness and guarantees (“**Indebtedness List**”) having been submitted by S2C Shanghai to the Investor, and S2C Shanghai having separately issued written confirmation and undertaking, confirming that save as the Indebtedness List disclosed to the Investor, as at the Completion Date, the members in the S2C Shanghai Group have no indebtedness, external guarantees or contingent liabilities or due but unfulfilled obligations, and having obtained the Investor’s approval on such confirmation and undertaking;
- (p) all related party transactions for the latest two financial years and up to 31 May 2025 having been provided by S2C Shanghai to the Investor, and the reason and reasonableness of such related party transactions having been explained;
- (q) the Investor having received the completion certificate issued by S2C Shanghai and S2C Holding, in proving all the conditions in relation to Completion have been fulfilled and satisfied.

The Investor may waive any of the conditions precedent set out in (e) to (q) above, except for (j) in relation to the shareholders’ approval requirement by the Company. S2C Holding may waive any of the conditions precedent set out in (a) and (b) above. The conditions precedent set out in (c) and (d) above may only be waived jointly by the Investor and S2C Holding.

Completion

Upon fulfillment (or waiver) of all the conditions precedent to the Equity Transfer Agreement, Completion shall take place on the Completion Date.

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Investor

The Investor is established under the laws of PRC with limited liability and is principally engaged in private equity investment, venture capital management etc., with a focus on strategic emerging fields such as integrated circuit, new-generation information technology and artificial intelligence. The Investor is held as to 30% by each of Zhongwan Zhonggai (Beijing) Information Technology Center* (中灣中改(北京)信息科技中心) (“**Zhongwan Zhonggai**”) and China Electronics Corporation (“**CEC**”) and other shareholders each holding less than 30% interest. Zhongwan Zhonggai is controlled by its executive partner Zhongwan Zhonggai (Beijing) Technology Co., Ltd.* (中灣中改(北京)科技有限公司) (“**Zhongwan Zhonggai Technology**”). Zhongwan Zhonggai Technology and CEC are PRC state-owned enterprises.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Investor and its ultimate beneficial owner are Independent Third Parties.

S2C Holding

S2C Holding is a company incorporated in the British Virgin Islands with limited liability. Its principal function is investment holding. As at the date of this announcement, the Company holds approximately 95.43% interest in S2C Holding.

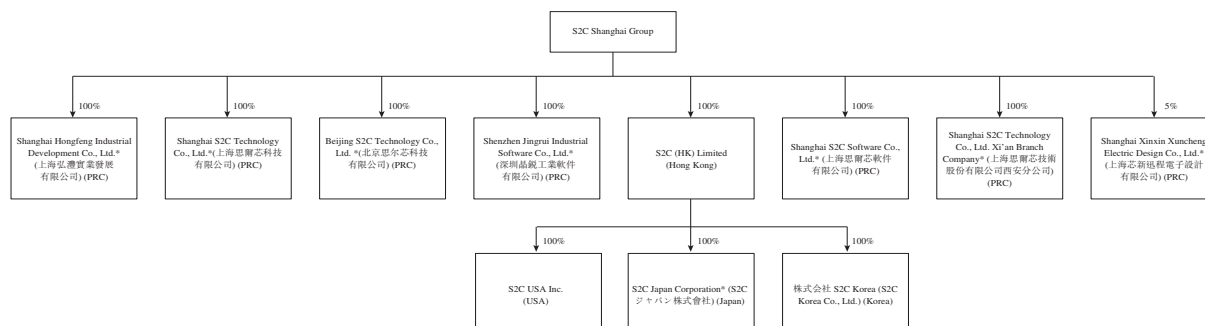
S2C Shanghai

S2C Shanghai is a company established under the laws of the PRC with limited liability. S2C Shanghai Group is a hardware-based rapid verification system and software supplier.

As at the date of this announcement, S2C Shanghai is held as to 29.75% by S2C Holding and 18 other shareholders each holding less than 30% interest.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than S2C Holding, the shareholders of S2C Shanghai and their respective ultimate beneficial owners are Independent Third Parties.

Set out below is the corporate structure of S2C Shanghai Group as at the date of this announcement:



Combined Financial Information on S2C Shanghai Group

The following are the unaudited combined financial information on S2C Shanghai Group for the two years ended 31 December 2023 and 2024 prepared in accordance with the PRC GAAP:

	For the year ended 31 December 2023 US\$ '000	For the year ended 31 December 2024 US\$ '000
Loss before taxation	(22,794)	(31,969)
Loss after taxation	(22,810)	(31,967)

The unaudited net asset value of S2C Shanghai Group as at 30 June 2025 was approximately RMB383,882,940.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER

S2C Shanghai is a high-technology research and development company operating in a sector that demands substantial and ongoing capital investment to sustain its growth and innovation. The introduction of the Investor could provide S2C Shanghai with strategic guidance and industry expertise, allowing S2C Shanghai to leverage the Investor's extensive experience in private equity and venture capital management and potentially helping S2C Shanghai in identifying and pursuing new business opportunities and strategic partnerships. The Equity Transfer will also enable the Company to realize a significant return on its early-stage investment in S2C Shanghai, while retaining a sizeable equity interest to continue participating in the long-term development and value creation of S2C Shanghai.

The Directors (including all independent non-executive Directors) consider that the Equity Transfer, the terms and conditions of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE EQUITY TRANSFER

Upon Completion, S2C Holding will hold the remaining 13.75% of the equity interest in S2C Shanghai.

Immediately after Completion, S2C Shanghai will cease to be an associated company of the Company, the entire investment in S2C Shanghai previously accounted for using the equity method on the consolidated financial statements of the Company will be derecognized, and the remaining 13.75% of the equity interest in S2C Shanghai will be recognized as a financial asset measured at fair value through profit and loss on the consolidated financial statements.

The estimated pre-tax gain on disposal will be approximately US\$25.4 million, subject to the finalized carrying amount of the investment in S2C Shanghai accounted for using the equity method as of the Completion Date and final transaction costs, without taking into consideration of any current and deferred tax expense/credit associated with the disposal of the 16% of the equity interest in S2C Shanghai and the remeasurement of the remaining 13.75% of the equity interest in S2C Shanghai at fair value. The estimated pre-tax gain on disposal is mainly derived from the net effect of the Consideration of the Equity Transfer received or receivable, plus the fair value of the remaining 13.75% of the equity interest in S2C Shanghai recognized by the Company as a financial asset, and minus the entire carrying amount of the investment in S2C Shanghai accounted for using the equity method derecognized upon Completion; adjusted by the cumulative other comprehensive income/loss of the investment in S2C Shanghai that are eligible to be reclassified to profit or loss and transaction costs directly attributable to the transaction.

INTENDED USE OF PROCEEDS

Net proceeds from the Equity Transfer, which have deducted expenses in relation to the Equity Transfer, are estimated to be approximately US\$26.6 million. The Group intends to use the net proceeds from the Equity Transfer as general working capital and for strengthening the cash flow of the Group which allows the Group to reallocate its resources for further development.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Equity Transfer is more than 25% but less than 75%, the Equity Transfer constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Equity Transfer. Thus, no Shareholders are required to abstain from voting in favour of the resolution approving the Equity Transfer.

As at the date of this announcement, Ever Expert and Mr. Huang, hold 184,207,777 and 5,708,624 shares respectively in the Company, representing a total of approximately 58.45% of the entire issued share capital of the Company. Ever Expert is a company indirectly owned as to 99% by Mr. Huang. Hence, Ever Expert and Mr. Huang are a closely allied group of shareholders of the Company for the purpose of Rule 14.44 of the Listing Rules.

The Company proposes to obtain written approval for the Equity Transfer in accordance with Rule 14.44 of the Listing Rules from each of Ever Expert and Mr. Huang as Shareholders. Accordingly, no general meeting will be convened for the purpose of approving the Equity Transfer as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Equity Transfer and such other information as required under the Listing Rules is expected to be despatched to the Shareholders within 15 Business Days after the publication of this announcement.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than any Saturday or Sunday) on which banks in PRC are generally open for business throughout their normal business hours
“Company”	SMIT Holdings Limited (國微控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2239)
“Completion”	the completion of the Equity Transfer Agreement
“Completion Date”	the date of Completion, which is the date falling within 10 Business Days after the fulfilment (or waived, where applicable) of the conditions precedent (or such later date as S2C Holding and the Investor may agree in writing) in the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Consideration”	the consideration in the sum of RMB211,665,760 for the Equity Transfer
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of 16% of equity interest in S2C Shanghai from S2C Holding to the Investor in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 6 September 2025 entered into between S2C Shanghai, S2C Holding, the Company and the Investor in relation to the Equity Transfer
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is not connected person of the Company and is third party independent of the Company and the connected persons of the Company
“Investor”	China Bay Private Equity Fund Management Co., Ltd. (中灣私募基金管理有限公司), a company established under the laws of PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the generally accepted accounting principles of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“S2C Holding”	S2C Holding Corporation, a company in the British Virgin Islands with limited liability

“S2C Shanghai”	S2C Ltd. (上海思爾芯技術股份有限公司), a company established under the laws of the PRC with limited liability
“S2C Shanghai Group”	S2C Shanghai and its subsidiaries
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
SMIT Holdings Limited
Huang Xueliang
Chairman

Hong Kong, 7 September 2025

As at the date of this announcement, the executive Directors are Mr. Huang Xueliang (chairman and chief executive officer) and Ms. Chen Ying; the non-executive Directors are Mr. Kwan, Allan Chung-yuen and Mr. Cai Jing; and the independent non-executive Directors are Mr. Zhang Junjie, Mr. Woo Kar Tung, Raymond, Mr. Jin Yufeng and Ms. Zhang Min.

* *For identification purposes only*