



SIM Technology Group
SIM Technology Bldg., No.633 JinZhong Rd.,
Shanghai China 200335
Tel:+86 21 32523300

Open Letter in respect of changes of Module Business

Dear Customers:

SIM Technology Group has been focusing on wireless module business for over dozen years. The continuous effort is put into providing the market with high value and high quality wireless modules and solutions at a low cost. Today, SIMCom modules are widely used in global M2M vertical markets including smart meters, POS, smart transportation, smart home, smart medical and others. Thanks to the trust and support from customers, we have been keeping the global market leader for many years. Herein, we would like to give sincere thanks to our customers and partners.

In order to realize the Group's new shift in strategy, i.e. "transforming from traditional manufacturing industry to high-tech service industry and also moving from product orientation to service orientation", therefore the Group has been looking for complementary strategic cooperation partners in recent years,, which will inject new vitality to the Module Business and allow it to maintain the world's leading position. A few days ago, the Group has entered into an important agreement with u-blox AG, a Swiss Corporation, that relevant intangible assets, including intellectual property rights, technical secret etc, and tangible assets of 2G, 3G and 4G wireless communication module and GNSS module business would be sold to u-blox AG by the Group

Whereas the Group is listed on the Main Board of The Stock Exchange of Hong Kong, pursuant to the provision of The Stock Exchange of Hong Kong, in order to protect shareholders' interests, approval for the relevant transaction has to be obtained in Special Shareholders' Meeting and the transfer of title of all technology and market assets can only take place once the first tranche of payment has been paid by the Buyer. At present, the closing date of this transaction is expected to be in coming few months.

It is also agreed that to ensure the smooth transition of transaction and to avoid causing inconvenience to the customers, after Closing, SIMCom brand, team, products and business channels will remain unchanged. In addition, SIMCom wireless communication module products will be still manufactured in the Group factory and will continue to maintain its cost advantage and rapid delivery. Besides, the entire original team will join



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u-blox AG which allows the familiar faces may continue to provide services to the customers. u-blox AG will also assume the sale contracts which have not yet been completed by Closing. The only key change is that the seller will be changed from "Shengyang SIM Simcom Technology Limited" to a Shanghai Wholly Foreign Owned Enterprise (WFOE) established by u-blox AG. Hereby, we sincerely ask for your cooperation in preparing for the upcoming contract changes accordingly.

U-blox is a great technology company listed in SIX Swiss Exchange (UBXN). Its GPS modules and chipsets retain global leading position. U-blox has a great marketing, sales and customer support team. It also has significant advantages in the high end market overseas,, especially in the automotive before market. After the transaction completed, the strong coalition will bring our customers with more global leading products and highly efficient support.

Again, we appreciate all our customers' and partners' trust and support as always. And we invite all our customers and partners to keep going together and winning together with us.

Best Regards,



SIM Technology Group

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