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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)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION

THE TRANSACTION

On 8 December 2009, SIM Real Estate, a wholly owned subsidiary of the Company, made a successful bid for the land use right of the Land through an open tender auction organized and held by the Shenbei Branch of Shenyang Land Resources and Planning Bureau. On 8 December 2009, SIM Real Estate entered into the Bid Confirmation with the Shenbei Branch of Shenyang Land Resources and Planning Bureau, pursuant to which the parties to the Bid Confirmation agreed that SIM Real Estate shall purchase the land use right in respect of the Land at the Land Transfer Price.

As one of the relevant percentage ratios of the Transaction was more than 5% but less than 25%, the Transaction constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was subject to reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Transaction.

THE TRANSACTION

1 Background

The Board announced that on 8 December 2009 SIM Real Estate, a wholly owned subsidiary of the Company, made a successful bid for the land use right of the Land through an open tender auction organized and held by the Shenbei Branch of Shenyang Land Resources and Planning Bureau. On 8 December 2009, SIM Real Estate entered into the Bid Confirmation with the Shenbei Branch of Shenyang Land Resources and Planning Bureau, pursuant to which the parties to the Bid Confirmation agreed that SIM Real Estate shall purchase the land use right in respect of the Land at the Land Transfer Price.

The Land is located at Daoyi Development Zone, northern part of Shenbei Development Avenue, Shenbei New District, Shenyang City, Liaoning Province, the PRC. The site area of the Land is approximately 85,141 sq.m..

SIM Real Estate and the Shenbei Branch of Shenyang Land Resources and Planning Bureau will also enter into a contract for the transfer of the land use right of State-owned land (國有土地使用權出讓合同) in respect of the Land, the principal terms of which will be based on those set out in the Bid Confirmation. In addition to the execution of the Bid Confirmation, the obtaining of the relevant land use rights is also conditional upon the completion of relevant relocation works and registration with the relevant government authority of such land use rights by acquiring a title certificate.

2. Principal terms of the Bid Confirmation

Date: 8 December 2009

Parties: 1. SIM Real Estate
2. Shenbei Branch of Shenyang Land Resources and Planning Bureau

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Shenbei Branch of Shenyang Land Resources and Planning Bureau is third party independent of the Company and its connected persons (as defined under the Listing Rules).

Land for transfer: the land situated at Daoyi Development Zone, No. 25, north to Shenbei Development Avenue, Shenbei New District, Shenyang City, Liaoning Province, the PRC with a site area of approximately 85,141 sq. m.

Term of land use right: 40 years for the Land which is designated for commercial purpose and 50 years for the Land which is designated for residential purpose

Land Transfer Price: RMB85,566,705 (equivalent to approximately HK\$97,546,000)

3. Land Transfer Price

The Land Transfer Price was paid in full on 11 December 2009 and was funded by the Group's internal resources.

The Land Transfer Price was arrived at as a result of a successful bid by SIM Real Estate at an open auction and such price was determined having taken into account the existing property market conditions of Shenyang City and the development potential of the Land.

4. Reasons for the Transaction

The Group is principally engaged in the manufacturing, design and development and sale of liquid crystal display modules, mobile handset solutions, and wireless communication modules and modems.

The Land is located at the new development area of the northern part of Shenbei Development Avenue and other main roads. The Directors expect that such area will be a region with great development potential in Shenyang City. The Group's proposed plan for development of the Land is to develop commercial and residential properties for lease and for sale. The Directors believe such development, when completed, is in the interests of the Group.

The Directors are of the view that the Transaction is in line with the non-core business investment strategy of the Group. The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, the terms of the Transaction are on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

5. Listing Rules Implications

On the basis that one of the relevant percentage ratios of the Transaction was more than 5% but less than 25%, the Transaction constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was subject to reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Transaction.

Under the PRC laws the transfer of the parcel of land will only be concluded upon the signing of the land transfer contract and the issue of the relevant land certificate; the Directors believed that the signing of the Bid Confirmation did not constitute a transfer of the relevant land use rights to the Company; and hence, the Directors failed to realise there was a need to comply with the disclosure requirements under the Listing Rules when the Bid Confirmation was signed. The Company admits that it had overlooked the requirements to comply with the relevant provisions under Chapters 14 of the Listing Rules at the time when the Group entered into the Transaction. The Company has forthwith admitted the non-compliance to the Stock Exchange and has taken steps to rectify the non-compliance, including by way of this announcement.

DEFINITIONS

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

“Bid Confirmation”	the land use right bid confirmations (中標確認書) in respect of the Land dated 8 December 2009 and entered into between SIM Real Estate and Shenbei Branch of Shenyang Land Resources and Planning Bureau
“Board”	the board of Directors
“Company”	SIM Technology Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	the land situated at No. 25, north to Shenbei Development Avenue, Daoyi Development Zone, Shenbei New District, Shenyang City, Liaoning Province, the PRC (中國遼寧省沈陽市沈北新區開發大道北側-25道義開發區) with a site area of approximately 85,141 sq. m.
“Land Transfer Price”	RMB85,566,705,000 (equivalent to approximately HK\$97,546,000), being the price for the transfer of land use right in respect of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Bid Confirmation

“Shenbei Branch of Shenyang Land Resources and Planning Bureau”	the Shenbei Branch of Shenyang Land Resources and Planning Bureau of Liaoning Province, the PRC * (中華人民共和國遼寧省沈陽市規劃和國土資源局沈北分局)
“SIM Real Estate”	SIM Real Estate Property Development Co., Ltd. * (晨訊置業(沈陽)有限公司), a limited liability company incorporated in the PRC and is a wholly owned subsidiary of the Company
“%”	Percentage

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB0.8772 to HK\$1.00. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

** denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only.*

By Order of the Board
SIM Technology Group Limited
Wong Tik
Company Secretary

Hong Kong, 26 April 2010

As at the date of this announcement, the executive Directors are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Wong Hei, Simon, Mr Zhang Jianping, Ms Tang Rongrong and Mr Chan Tat Wing, Richard, and the independent non-executive Directors are Mr Liu Hing Hung, Mr Zhuang Xingfang and Mr Xie Linzhen.