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)

Discloseable Transaction
Construction Project in Shanghai

The Board wishes to announce that Shanghai SIM Technology Limited (晨訊科技(上海)有限公司), a wholly-owned subsidiary of the Company, has entered into the Construction Works Contract for the construction of two buildings to be used respectively as office and research and development centre of the Group.

The entering into the Construction Works Contract constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

A circular containing, among others, information on the Construction Works Contract, will be despatched to the Shareholders in due course.

THE CONSTRUCTION PROJECT

The Board wishes to announce that Shanghai SIM Technology Limited (晨訊科技(上海)有限公司), a wholly-owned subsidiary of the Company, has entered into various contracts with various Independent Third Parties (the "**Existing Contracts**") since 17 August 2006 for the purpose of constructing two buildings to be used respectively as office and research and development centre of the Group in Shanghai (the "**Construction Project**"). These contracts relate to, inter alia, the acquisition of the land use right over the site of the Construction Project, the surveying of the building site, the design of the buildings, purchases of construction materials and other ancillary contracts necessary for the purpose of constructing the buildings. None of the Existing Contracts constitutes a discloseable transaction under the Listing Rules by itself or when aggregate.

To the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, the counterparties and (if applicable) their ultimate beneficial owners of each of the Existing Contracts are Independent Third Parties. In addition, the consideration payable under the Existing Contracts has been arrived at after negotiation conducted between the relevant parties on an arm's length basis and will be satisfied by internal resources of the Group. The Directors consider the terms of the Existing Contracts to be fair and reasonable and in the interest of the shareholders as a whole.

As part of the Construction Project, Shanghai SIM Technology Limited has today entered into the Construction Works Contract. The entering into the Construction Works Contract constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

THE CONSTRUCTION WORKS CONTRACT

Date:	1 February 2008
Parties:	Shanghai SIM Technology Limited（晨訊科技（上海）有限公司）(as employer) Shanghai No.7 Construction Co., Ltd（上海市第七建築有限公司）(as Contractor)
Nature of service to be provided:	Shanghai No.7 Construction Co., Ltd will act as the main contractor for the Construction Project
Contract sum:	Estimated to be RMB82,000,000 (approximately HK$88.96 million), the actual amount payable by Shanghai SIM Technology Limited will be determined with reference to the values of the works done

To the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, Shanghai No.7 Construction Co., Ltd and its ultimate beneficial owners are Independent Third Parties. In addition, the contract sum of the Contract Works Contract was determined after arm's length negotiations between Shanghai SIM Technology Limited and the Contractor with reference to the market price of similar construction projects. The consideration will be settled by the Group's internal resources.

The Directors are of the view that the terms of the Construction Works Contract are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FURTHER CONTRACTS

Since the Construction Project is still in progress, further contracts will be entered into with Independent Third Parties, relating to, amongst others, construction services, installation of glazed curtain wall, fire detection and control system, lifts, electricity, heating system, interior works, greenery and other ancillary contracts required for completion of the Construction Project (the "**Further Contracts**"). A further announcement will be made after the execution of all such Further Contracts.

Based on the capital commitments under the Existing Contracts and the Construction Works Contract (which amounted to approximately RMB147.90 million (approximately HK$160.45 million) and the aggregate estimated costs of the Future Contracts, it is anticipated that the total costs of the Construction Project will not exceed RMB260.00 million (approximately HK$282.06 million), which will be a discloseable transaction under Rule 14.06 of the Listing Rules as the applicable percentage ratios (as defined in the Listing Rules) will be more than 5% but less than 25%.The costs of the Construction Project which will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION PROJECT

The Directors are of the view that the Construction Project, which will bring to the Group a new office building and a research and development centre, will be beneficial to the continuous developments of the Group and will help further enhance its research and development capability. The Directors believe that the Construction Project is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the development of mobile handsets and wireless communications modules and the manufacturing of LCD modules in the PRC. The primary businesses of the Contractor are supervision, quality control and progress monitor construction projects and other construction-related businesses.

A circular containing, inter alia, further information on the Construction Project (including the Construction Works Contract) will be despatched to the Shareholders in due course.

DEFINITIONS

"Company"	SIM Technology Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
"Contractor"	上海市第七建築有限公司 (Shanghai No.7 Construction Co., Ltd), the main contractor for the Construction Project;
"Construction Works Contract"	the agreement date 1 February 2008 entered into between Shanghai SIM Technology Limited (晨訊科技(上海)有限公司), a wholly-owned subsidiary of the Company, and the Contractor;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of PRC;
"Independent Third Party(ies)"	Party(ies) that is/are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules);

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"RMB"	Renminbi, the lawful currency of PRC;
"PRC"	the People's Republic of China;
"Shareholders"	shareholders of the Company; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

For illustrative purpose, the exchange rate of HK$1: RMB0.9218 has been used in this announcement. No representation is made that any amount of HK$ or RMB could be converted at such rates or any other rates.

By Order of the Board
SIM Technology Group Limited
晨訊科技集團有限公司
Wong Hei, Simon
Director

Hong Kong, 1 February 2008

As at the date of this announcement, the executive Directors of the Company are Wong Hei, Simon, Wong Cho Tung, Yeung Man Ying, Tsang Hen Loon, Raymond, Wong Sun, Zhang Jianping, Tang Rongrong, and the independent non-executive Directors of the Company are Heng Kwoo Seng, Wang Chengwei and Zhuang Xingfang.

* *For identification purpose only*