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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board of the Company wishes to inform the shareholders of the Company and potential investors that it is the current estimate of the Company's management that the Group may incur a loss for 1H 2011 as compared to a profit of the same period in 2010. However, the management of the Company remains confident in the business growth in the 2H 2011 based on the projects the Group has on hand currently. The information contained in this announcement is only a preliminary estimate prepared by the management of the Company and is not based on any figures or information audited or reviewed by the Company's auditors.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by SIM Technology Group Limited (the "**Company**", together with its subsidiaries shall be referred to as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that it is the current estimate of the Company's management that the Group may incur a loss for the six months ended 30 June 2011 ("**1H 2011**") as compared to a profit of the same period in 2010. Such loss is primarily attributable to the significant reduction in demand during the past few weeks in the open market and the push out of TD-SCDMA handset tender.

Despite the recent slow down in the market, the management of the Company maintains the confidence towards the Group's business outlook in the second half of 2011 ("**2H 2011**"). The key ODM projects that are planned for 2H 2011 shipment are in progress in accordance with the original schedule. The Group's Shenyang factory expansion will complete in the third quarter of 2011 in anticipation of the customer demand. The management of the Company believes the Group is able to achieve sustainable

and healthy business development in 2H 2011. Furthermore, the increased demand in 3G phones and smartphones favor ODM manufacturers with the technical know-how and high quality level to meet customers' requirements. The Group's strategy to focus on "high value added" market segment and early transition to service tier one branded customers provide a better platform for the Group to expand in reasonable margin business other than open market business.

As the period covered by 1H 2011 has not ended, the financial results for 1H 2011 (the "**Interim Results**") are not yet available. The information contained in this announcement is only a preliminary estimate prepared by the management of the Company for 1H 2011 and is not based on any figures or information audited or reviewed by the Company's auditors. The Interim Results will be announced as soon as practicable.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SIM Technology Group Limited
Wong Cho Tung
Director

Hong Kong, 17 June 2011

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 Xie Linzhen and Mr Dong Yunting.

* *For identification purposes only*