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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 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 FY 2011 as compared to a profit for the year ended 31 December 2010. The Group is still in the transition to becoming a "High Value-Added" ODM service provider to our customers with high expectation of excellent quality and service. With the successful delivery of several models of Android phones in the fourth quarter of 2011, the Group has demonstrated its capability in fulfilling the quality demand of the Japanese operator and the ability to quickly ramp up to million units of Android phone per model per month. The next phase of the Group's transition is to continue to expand in the high value-added ODM market segment and focus on cost control to turn around the profitability.

The information contained in this announcement is only a preliminary assessment by the Board 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 year ended 31 December 2011 (“**FY 2011**”) as compared to a profit for the year ended 31 December 2010. Such loss is primarily attributable to the fact that the Group has underestimated the difficulties in meeting our top tier customers’ quality requirement and hence the actual costs in manufacturing were higher than expected. As a result, the gross profits of the Group were lower than our management’s previous anticipation. In addition, contribution from open market handset segment continued to decline as compared to the first half of 2011.

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Please note that the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available. Such information has not been audited or reviewed by the auditors of the Company and that the actual results for the Group may be different from what is disclosed herein. Shareholders and investors should read carefully the results announcement of the Company for FY 2011, which is expected to be published in March 2012.

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, 10 January 2012

As at the date of this announcement, the executive directors of the Company 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 of the Company are Mr Liu Hing Hung, Mr Xie Linzhen and Mr Dong Yunting.

** For identification purposes only*