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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 SIM Technology Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (“**Board**”) wishes to inform the shareholders (“**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 and information currently available to the Company, the Group is expected to record a loss for the six months ended 30 June 2021 (“**1H-2021**”) attributable to the owners of the Company from continuing operations in the range of approximately HK\$50 million to HK\$60 million, as compared to the loss of approximately HK\$33.6 million recorded for the six months ended 30 June 2020 (“**1H-2020**”).

The Board considers that the increase in loss was mainly attributable to the following factors:-

- (1) As disclosed in the Company’s interim report for 1H-2020, the Ministry of Human Resources and Social Security of the PRC government decided to reduce or waive employer obligations on social security contributions for a specified period from February to December 2020 to ease the burden of enterprises during the period of prevention and containment of the COVID-19 pandemic in the PRC. Approximately HK\$13,876,000 of

the retirement benefits costs were waived from February to June 2020. Such arrangement has been discontinued in 1H-2021.

- (2) During 1H-2021, the Group has invested heavily in the retention of existing outstanding staff and the recruitment of senior experienced personnel in the industry under the new management in order to further rejuvenate and revitalize its operations which has led to substantial increase in administrative expenses as compared to that of 1H-2020.
- (3) During 1H-2021, the Group has invested heavily in research and development of technology under the new management in order to open new product lines and solidify its lead in the market which has led to substantial increase in research and development expenses as compared to that of 1H-2020.

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 and information currently available to the Company, and is not based on any figures or information which have been audited or reviewed by the Company's auditors. The Company is still in the process of finalising the interim results which are subject to review by the Company's independent auditor and review and approval by the Company's Audit Committee and the Board. The interim results are expected to be announced on 26 August 2021.

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

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

20 August 2021

As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Liu Jun and Mr Zhu Wenhui, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Li Minbo and Mr Wu Zhe.

** For identification purposes only*