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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 year ended 31 December 2021 (“**FY2021**”) and information currently available to the Company, the Group is expected to record a substantial increase in loss attributable to the owners of the Company from continuing operations for FY2021 to approximately HK\$185.0 million to HK\$195.0 million, as compared to the loss attributable to the owners of the Company from continuing operations of approximately HK\$36.5 million recorded for the year ended 31 December 2020 (“**FY2020**”) which is principally attributable to (i) the substantial increase in administrative expenses and research and development expenses in FY2021 as compared to that of FY2020; (ii) the decrease of gross profit margin of the Group's handsets and IOT terminals business in FY2021 as compared to that of FY2020 as a result of intense competition and increased cost of raw materials; and (iii) the delivery not meeting the expected target.

During FY2021, the Group has invested heavily in the retention of existing competent staff and the recruitment of outstanding and experienced personnel under the new management in

order to further rejuvenate and revitalize its operations and the Group has increased its R&D investment to open new product lines and solidify its lead in the market.

Shareholder should note that the Company is still in the process of (i) evaluating the change in fair value of the Group's financial assets and investment properties, and (ii) performing impairment assessment on certain current and non-current assets of the Group. The loss from continuing operations attributable to owners of the Company as aforesaid mentioned is subject to adjustment after the finalization of the fair value valuation and impairment assessment.

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 FY2021 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 finalizing the consolidated results of the Group for FY2021 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 finalized annual results are expected to be announced on 24 March 2022.

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

28 January 2022

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, Mr Zhu Wenhui and Mr Gao Jun, the non-executive director of the Company is Mr Wong Hei, Simon, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Wu Zhe and Mr Li Minbo.

** For identification purposes only*