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## **SDM Group Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8363)**

### **PROFIT WARNING**

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of the Securities (the “**GEM Listing Rules**”) on the GEM made by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of SDM Group Holdings Limited (the “**Company**”, which together with its subsidiaries is collectively referred to as the “**Group**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2019 (the “**Period**”), the Group is expected to record a loss for the Period of approximately HK\$10.9 million as compared to the loss for the corresponding period in last year of approximately HK\$2.1 million.

During the Period, the revenue of the Group increased to approximately HK\$25.9 million from approximately HK\$14.9 million in the corresponding period in last year. Such increase was mainly contributed from the early childhood education business acquired by the Group in the second half of last year. However, the Group is expected to record a substantial increase in loss by approximately HK\$8.8 million mainly attributable to (i) the increase in legal and professional fees by approximately HK\$1.9 million mainly related to business acquisitions; (ii) the increase in staff costs by approximately HK\$11.2 million for increasing headcount in Hong Kong and Singapore for business expansion; (iii) the depreciation of right-of-use assets and interest on lease liabilities for the leases of which the Group is lessees accounted for under HKFRS 16 “Leases” which was adopted by the Group since 1 January 2019 totaled approximately HK\$9.2 million as compared to rental expenses of HK\$5.6 million for the corresponding period in last year; (iv) the amortization of intangible assets — customer relationship which was recognised upon the business acquisition in the second half of last year amounted to approximately HK\$0.3 million; (v) the increase in commission and overseas travelling expenses by approximately HK\$0.7 million mainly incurred for business acquisition; and (vi) the decrease in net foreign exchange gains by approximately HK\$1.2 million during the Period.

The Company is still in the process of finalising the first quarterly results of the Group for the Period. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts for the Period and information currently available to the Board which has not been audited or reviewed by the auditors or audit committee of the Company and is subject to possible adjustments upon further review.

Details of the Group's financial information and performance for the Period will be disclosed in the first quarterly results announcement of the Company which is expected to be published on 15 May 2019.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**SDM Group Holdings Limited**  
**Chiu Ka Lok**  
*Chairman*

Hong Kong, 10 May 2019

*As at the date of this announcement, the executive Directors are Mr. Chiu Ka Lok and Mr. Chun Chi Ngon Richard, the non-executive Directors are Dr. Chun Chun and Ms. Yeung Siu Foon, and the independent non-executive Directors are Mr. Lau Sik Yuen, Dr. Yuen Man Chun Royce and Mr. Lee Kwok Ho David.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and be posted on the website of the Company at [www.sdm.hk](http://www.sdm.hk).*