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SDM Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8363)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the unaudited consolidated management accounts of the Group and the information currently available, the Group expects to record a net profit of not less than HK\$80 million for the six months ended 30 June 2021 as compared to a net adjusted loss of approximately HK\$113 million for the six months ended 30 June 2020.

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

This announcement is made by SDM Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) 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 “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on the unaudited consolidated management accounts of the Group and the information currently available, the Group expects to record a net profit of not less than HK\$80 million for the six months ended 30 June 2021, as compared to a adjusted loss of approximately HK\$113 million for the six months ended 30 June 2020.

The turnaround from loss to profit was due to (i) the increase in revenue from the Group’s childcare business in Singapore from approximately HK\$20 million for the corresponding period last year to approximately HK\$46 million for the six months ended 30 June 2021, representing an increase by approximately HK\$26 million or approximately 130%; (ii) the increase in revenue from the Group’s dance academy business in Hong Kong from approximately HK\$19 million for the corresponding period last year to approximately HK\$34 million for the six months ended 30 June 2021, representing an increase by approximately HK\$15 million or approximately 79%; and (iii) the recognition of a gain on change in fair value of consideration payable of approximately HK\$105 million for the six months ended 30 June 2021 whereas an adjusted loss of approximately HK\$73 million for the corresponding period last year.

The Company is still finalising the unaudited interim results of the Group for the six months ended 30 June 2021. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group and the information currently available, which have not been finalised or reviewed by the audit committee of the Board or auditor of the Company and may be subject to changes and adjustments. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2021, which is scheduled to be published on 10 August 2021.

The Directors spare no effort in the development of the businesses of the Group. The Group's operation and financial position have been affected by the outbreak of COVID-19 pandemic in 2020 due to the sudden change of the business environment globally. The Directors have been closely observing and assessing the operation and financial performance of each segment and region and will deploy adequate resources for implement the most suitable and cost-effective arrangement to the Group.

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

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

Hong Kong, 16 July 2021

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 Dr. Hung Siu Ying Patrick, Dr. Yuen Man Chun Royce and Mr. Chak Chi Shing.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 at www.hkgem.com on the "Latest Listed Company Information" page of the GEM website for at least 7 days from the date of its posting and on the Company website at www.sdm.hk.