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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 five months ended 31 May 2019 and information currently available to the Company, the Group is expected to record a loss attributable to shareholders of the Company for the six months ending 30 June 2019 ("**1H-2019**"), as compared to a profit of approximately HK$317.1 million recorded for the six months ended 30 June 2018 ("**1H-2018**"). It is also expected that the revenue for 1H-2019 will drop significantly as compared to that of 1H-2018. Please refer to the Company's announcements dated 10 June 2019, 10 May 2019, 10 April 2019, 8 March 2019 and 15 February 2019 for further details.

The Board considers that the aforesaid situation was mainly attributable to the following factors:-

(1) In 1H-2019, there is an absence of gain on disposal of wireless communication modules business which was completed in 1H-2018. The actual net gain from the transactions contemplated under the disposal is approximately HK$363.6 million.

(2) The China-US Trade War continued to escalate and add uncertainties to the economies of the United States and China as well as the global economy which has caused decrease in demand and revenue.

(3) The change of the original business model to providing EMS since the second half of 2018, resulted in a substantial drop in revenue and gross profit in 1H-2019 as compared to that of 1H-2018. According to international accounting standards, income derived from different business models are required to be recognised differently, the procurement made by the Group on behalf of another operation is not counted towards its revenue, thus the turnover of the segment for 1H-2019 nose-dived.

(4) There was delay in delivering purchase orders in 1H-2019 due to instability in the upstream component supplier market.

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 five months ended 31 May 2019 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 for 1H-2019 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 for 1H-2019 are expected to be announced by the end of August 2019.

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

27 June 2019

As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Ms Tang Rongrong and Mr Liu Jun, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Wang Tianmiao and Mr Wu Zhe.

* *For identification purposes only*