SMIT HOLDINGS LIMITED
國微控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2239)

PROFIT WARNING

This announcement is made by SMIT Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the 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 of the Company and potential investors that, according to the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019, the Group expects to record a loss of not more than US$2,700,000 as compared to a loss of approximately US$870,000 that was recorded for the six months ended 30 June 2018.

The increase in loss is mainly attributable to increase in the Group's research and development expenditure relating to development of the electronic design automation ("**EDA**") business. Since last year, the Group has actively diversified its business activities, and accessed the EDA industry through the Group's acquisition of S2C Tech Inc. and obtained requisite approval from the PRC Central Government for the implementation of the national science and technology project of "Development and Application of Full Process EDA System for Chip Design". In pursuance of the said projects, the Group has invested a considerable amount of resources on related research and development activities. For the six months ended 30 June 2019, total research and development expenditures on the EDA technology amounted to approximately US$2,000,000.

In addition, as previously disclosed, the Group ceased the blockchain server business last year, in view of the volatile cryptocurrency market and the increasing risks associated with the industry. As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2019, the information contained in this announcement is only based on the Board's preliminary review of the information of the Group currently available to the Board, which includes, inter alia, the unaudited consolidated management accounts for the six months ended 30 June 2019, and such information has not been reviewed by the Company's auditor or the audit committee of the Company and may be subject to change.

Shareholders and potential investors should read carefully the announcement on interim results of the Group for the six months ended 30 June 2019, which will be published in due course pursuant to the requirements of the Listing Rules.

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

By order of the Board
SMIT Holdings Limited
Huang Xueliang
Chairman

Hong Kong, 7 August 2019

As at the date of this announcement, the executive Directors are Mr. Huang Xueliang (chairman and chief executive officer), Mr. Shuai Hongyu and Mr. Loong, Manfred Man-tsun; the non-executive Directors are Mr. Kwan, Allan Chung-yuen and Mr. Gao Songtao; and the independent non-executive Directors are Mr. Zhang Junjie, Mr. Woo Kar Tung, Raymond and Mr. Jin Yufeng.