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SPROCOMM INTELLIGENCE LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1401)

PROFIT WARNING

This announcement is made by Sprocomm Intelligence 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 in the 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 the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 and information currently available to the Company, the Group expects that it will record a net loss in the range of approximately RMB 15 million to approximately RMB 25 million for the year ended 31 December 2021, as opposed to a net profit of approximately RMB30.7 million for the year ended 31 December 2020. The expected net loss is mainly attributed to: (i) the decrease in the sales revenue by approximately 10% to 15% due to the decrease in demand for smartphones as compared with the year ended 31 December 2020; (ii) the increase in the costs of raw materials (in particular mobile chips and screen for the mobile devices) driven by the global shortage of electronic components. As a result, the Group’s overall gross profit margin for the year ended 31 December 2021 is expected to decrease; (iii) the decrease in other income by approximately 30% to 40% resulting from the decrease in one-off government subsidies; and (iv) the increase in contributions to retirement benefits scheme for the Group’s employees as micro, small and medium size enterprises enrolled in China Social Security Schemes were exempt from making employer contributions to pension, unemployment and work-related injury insurance schemes between February and December 2020.

The information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the unaudited consolidated management accounts of the Group for the year ended 31 December 2021, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. The actual financial results of the Group for the year ended 31 December 2021 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2021, which is expected to be published in March 2022 in accordance with the requirements of the Listing Rules.

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

By order of the Board
Sprocomm Intelligence Limited
Mr. Li Chengjun
Chairman and Executive Director

Hong Kong, 24 January 2022

As at the date of this announcement, the executive Directors are Mr. LI Chengjun, Mr. XIONG Bin, Mr. WEN Chuanchuan and Mr. GUO Qinglin, and the independent non-executive Directors are Mr. HUNG Wai Man, Mr. WONG Kwan Kit, Mr. LU Brian Yong Chen and Ms. TSENG Chin I.