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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)

### ANNUAL RESULTS

### FOR THE YEAR ENDED 31 DECEMBER 2024

The board (“**Board**”) of directors (“**Directors**”) of SIM Technology group Limited (“**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 31 December 2024 (“**Year**”) together with the comparative figures for the corresponding period in 2023 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2024 HK\$'000 Audited	2023 HK\$'000 Audited
Revenue	3	429,370	543,940
Cost of sales and services		<u>(336,425)</u>	<u>(423,611)</u>
Gross profit		92,945	120,329
Other income	5	58,091	57,099
Other gains and losses	6	(79,814)	508,947
Reversal of (impairment losses) under expected credit loss model, net		894	(17,607)
Research and development expenses		(101,076)	(136,926)
Selling and distribution costs		(20,483)	(24,368)
Administrative expenses		(73,848)	(81,618)
Share of results of associates		4,039	(3,940)
Finance costs	7	<u>(805)</u>	<u>(4,973)</u>

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
		<b>Audited</b>	Audited
(Loss) profit before taxation		<b>(120,057)</b>	416,943
Taxation	8	<u><b>15,940</b></u>	<u>(83,769)</u>
(Loss) profit for the year	9	<u><b>(104,117)</b></u>	<u>333,174</u>
(Loss) profit for the year attributable to:			
Owners of the Company		<b>(94,780)</b>	344,285
Non-controlling interests		<u><b>(9,337)</b></u>	<u>(11,111)</u>
		<u><b>(104,117)</b></u>	<u>333,174</u>
(Loss) earnings per share (HK cents)			
Basic	11	<u><b>(4.42)</b></u>	<u>16.07</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Audited	Audited
(Loss) profit for the year	(104,117)	333,174
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss for the year		
Reclassification of cumulative translation reserve upon deregistration of foreign operations	30,764	–
Items that will not be subsequently reclassified to profit or loss during the year:		
Surplus on transfer of right-of-use assets and property, plant and equipment to investment properties at fair value	476	1,305
Fair value gain on investment in equity instrument at fair value through other comprehensive income (“FVTOCI”)	4,833	10,618
Deferred tax relating to items that will not be reclassified to profit or loss	(1,327)	(2,981)
Exchange difference arising on translation to presentation currency	(34,172)	(21,803)
Other comprehensive income (expense)	<u>574</u>	<u>(12,861)</u>
Total comprehensive (expense) income for the year	<u><u>(103,543)</u></u>	<u><u>320,313</u></u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(94,206)	331,424
Non-controlling interests	(9,337)	(11,111)
	<u><u>(103,543)</u></u>	<u><u>320,313</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>Audited</b>	<b>Audited</b>
<b>Non-current assets</b>			
Investment properties		574,540	640,111
Property, plant and equipment		31,428	56,243
Right-of-use assets		15,658	17,482
Intangible assets		294	553
Interest in associates		49,798	46,616
Equity instruments at FVTOCI		71,726	68,130
		<u>743,444</u>	<u>829,135</u>
<b>Current assets</b>			
Inventories		52,720	86,323
Properties held for sale		–	469
Trade and notes receivables	12	110,823	82,440
Other receivables, deposits and prepayments		72,768	360,807
Financial assets at fair value through profit or loss ("FVTPL")		291	468
Pledged bank deposits		–	22,000
Short-term bank deposits		580,821	693,679
Bank balances and cash		360,313	74,219
		<u>1,177,736</u>	<u>1,320,405</u>
<b>Current liabilities</b>			
Trade and notes payables	13	86,792	77,920
Deposits from tenants		2,699	3,620
Deferred income		1,097	1,116
Other payables and accruals		64,931	75,084
Contract liabilities		97,731	80,065
Bank borrowings		29,162	33,000
Lease liabilities		2,344	2,509
Tax payables		97,478	122,083
		<u>382,234</u>	<u>395,397</u>
<b>Net current assets</b>		<u>795,502</u>	<u>925,008</u>
<b>Total assets less current liabilities</b>		<u><u>1,538,946</u></u>	<u><u>1,754,143</u></u>

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<i>Notes</i>	<b>Audited</b>	Audited
<b>Capital and reserves</b>		
Share capital	<b>214,335</b>	214,335
Reserves	<b>1,225,651</b>	1,405,591
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Equity attributable to owners of the Company	<b>1,439,986</b>	1,619,926
Non-controlling interests	<b>(10,070)</b>	(733)
	<hr/>	<hr/>
<b>Total equity</b>	<b>1,429,916</b>	1,619,193
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<b>Non-current liabilities</b>		
Deposits from tenants	<b>6,278</b>	6,078
Lease liabilities	<b>80</b>	2,194
Deferred tax liabilities	<b>75,748</b>	89,976
Deferred income	<b>26,924</b>	36,702
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	<b>109,030</b>	134,950
	<hr/>	<hr/>
	<b>1,538,946</b>	1,754,143
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended) with limited liability.

The functional currency of the Company is Renminbi. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), as the Directors consider that it is a more appropriate presentation for a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and for the convenience of the shareholders.

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacturing, design and development and sale of handsets and internet of things (IOT) terminals business, automotive intelligent products business and property management in the People’s Republic of China (“PRC”).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting periods. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

### **Amendments to IFRS Accounting Standards that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standard Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## ***New and amendments to IFRS Accounting Standards in issue but not yet effective***

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### ***Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”***

The amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

### ***IFRS 18 “Presentation and Disclosure in Financial Statements”***

IFRS 18 “Presentation and Disclosure in Financial Statements” (“IFRS 18”), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements” (“IAS 1”). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made. IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

### 3. REVENUE

#### (i) Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 December 2024			
	Handsets and IOT terminals business <i>HK\$'000</i>	Automotive intelligent products business <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods or services</b>				
Sale of handsets and IOT terminals	338,039	–	–	338,039
Sale of automotive intelligent products	–	46,297	–	46,297
	<u>338,039</u>	<u>46,297</u>	<u>–</u>	<u>384,336</u>
Property rental	–	–	45,034	45,034
<b>Total</b>	<b><u>338,039</u></b>	<b><u>46,297</u></b>	<b><u>45,034</u></b>	<b><u>429,370</u></b>
<b>Timing of revenue recognition</b>				
At a point in time	337,254	46,297	N/A	
Over time	785	–	N/A	
<b>Total</b>	<b><u>338,039</u></b>	<b><u>46,297</u></b>	<b><u>N/A</u></b>	
<b>For the year ended 31 December 2023</b>				
Segments	Handsets and IOT terminals business <i>HK\$'000</i>	Automotive intelligent products business <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods or services</b>				
Sale of handsets and IOT terminals	473,660	–	–	473,660
Sale of automotive intelligent products	–	17,517	–	17,517
	<u>473,660</u>	<u>17,517</u>	<u>–</u>	<u>491,177</u>
Property rental	–	–	52,763	52,763
<b>Total</b>	<b><u>473,660</u></b>	<b><u>17,517</u></b>	<b><u>52,763</u></b>	<b><u>543,940</u></b>
<b>Timing of revenue recognition</b>				
At a point in time	439,963	17,517	N/A	
Over time	33,697	–	N/A	
<b>Total</b>	<b><u>473,660</u></b>	<b><u>17,517</u></b>	<b><u>N/A</u></b>	



## Geographical markets

	For the year ended 31 December 2024		
	Handsets and IOT terminals business HK\$'000	Automotive intelligent products business HK\$'000	Property management HK\$'000
The PRC	267,874	46,297	45,034
Europe	7,838	–	–
United States	14,747	–	–
Hong Kong	12,132	–	–
Other Asian countries	35,448	–	–
	<u>338,039</u>	<u>46,297</u>	<u>45,034</u>

	For the year ended 31 December 2023		
	Handsets and IOT terminals business HK\$'000	Automotive intelligent products business HK\$'000	Property management HK\$'000
The PRC	284,963	17,517	52,763
Europe	34,918	–	–
United States	55,094	–	–
Hong Kong	822	–	–
Other Asian countries	97,863	–	–
	<u>473,660</u>	<u>17,517</u>	<u>52,763</u>

### (ii) Performance obligations for contracts with customers

#### *Sale of handsets and IOT terminals*

For the sale of handsets and IOT terminals and own-branded products manufacturing, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of usage, distribution and price to sell the goods, and has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 0 – 90 days upon delivery. The Group typically receives a 30% – 50% deposit before the sale of goods.

For the electronics manufacturing services, revenue is recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. The normal credit term is 0 – 15 days. The Group typically receives a 30% – 50% deposit before the provision of service. Management considered the nature of business is similar to the own-branded products manufacturing and grouped the revenue in "Sale of handsets and IOT terminals" during the year.

### *Sale of automotive intelligent products*

For the sale of automotive intelligent products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). The handling activities before customers obtained control are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 0 – 90 days upon delivery. The Group typically receives a 10% – 50% deposit before the sale of goods.

#### **(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

All sale of handsets and IOT terminals, own-branded products manufacturing and sale of automotive intelligent products, are for period of one year or less.

#### **(iv) Leases**

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
For operating lease:		
Lease payments that are fixed	<b><u>45,034</u></b>	<b><u>52,763</u></b>

For the year ended 31 December 2024, the Group recognised HK\$41,467,000 (2023: HK\$47,986,000) profit, being the difference between gross rental income and direct operating expenses, as a property lessor.

## **4. SEGMENT INFORMATION**

Segment information is presented based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), being the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance.

To cope with the Group's recent business development in automotive intelligent products, the information reported to the CODM included a new segment, automotive intelligent products business, during the year ended 31 December 2024. Accordingly, each of these segments is considered as a separate operating segment by the CODM, resulting in changes to the presentation of the Group's operating and reportable segments on the Group's segment results and the Group's segment assets and liabilities. Figures in the segment information for and as at 31 December 2023 have been re-presented for comparative purpose.

The following is an analysis of the Group's revenue and results by reportable and operating segment:

**For the year ended 31 December 2024**

	<b>Handsets and IOT terminals business <i>HK\$'000</i></b>	<b>Automotive intelligent products business <i>HK\$'000</i></b>	<b>Property management <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Revenue				
External sales	<u>338,039</u>	<u>46,297</u>	<u>45,034</u>	<u>429,370</u>
Segment loss	<u>(61,488)</u>	<u>(30,774)</u>	<u>(24,376)</u>	<u>(116,638)</u>
Unallocated other income and other gains and losses				7,422
Share of result of associates				4,039
Corporate expenses				(14,170)
Finance costs				<u>(710)</u>
Loss before taxation				<u>(120,057)</u>

**For the year ended 31 December 2023**

	<b>Handsets and IOT terminals business <i>HK\$'000</i></b>	<b>Automotive intelligent products business <i>HK\$'000</i></b>	<b>Property management <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Revenue				
External sales	<u>473,660</u>	<u>17,517</u>	<u>52,763</u>	<u>543,940</u>
Segment (loss) profit	<u>(78,710)</u>	<u>(20,533)</u>	<u>16,706</u>	<u>(82,537)</u>
Unallocated other income and other gains and losses				534,405
Share of result of associates				(3,940)
Corporate expenses				(26,249)
Finance costs				<u>(4,736)</u>
Profit before taxation				<u>416,943</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of interest income, unallocated exchange gain or loss, fair value change on financial assets at FVTPL, loss on deregistration of subsidiaries, certain other income, corporate expenses, share of results of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

### At 31 December 2024

	<b>Handsets and IOT terminals business HK\$'000</b>	<b>Automotive intelligent products business HK\$'000</b>	<b>Property management HK\$'000</b>	<b>Consolidated HK\$'000</b>
Segment assets	<b>219,210</b>	<b>33,878</b>	<b>574,540</b>	<b>827,628</b>
Property, plant and equipment				<b>6,156</b>
Right-of-use assets				<b>12,099</b>
Interests in associates				<b>49,798</b>
Equity instruments at FVTOCI				<b>71,726</b>
Financial assets at FVTPL				<b>291</b>
Other receivables, deposits and prepayments				<b>12,348</b>
Short-term bank deposits				<b>580,821</b>
Bank balances and cash				<b>360,313</b>
Consolidated assets				<b><u>1,921,180</u></b>
Segment liabilities	<b>201,686</b>	<b>30,274</b>	<b>10,133</b>	<b>242,093</b>
Other payables and accruals				<b>46,783</b>
Bank borrowings				<b>29,162</b>
Tax payables				<b>97,478</b>
Deferred tax liabilities				<b>75,748</b>
Consolidated liabilities				<b><u>491,264</u></b>

At 31 December 2023

	<b>Handsets and IOT terminals business HK\$'000</b>	<b>Automotive intelligent products business HK\$'000</b>	<b>Property management HK\$'000</b>	<b>Consolidated HK\$'000</b>
Segment assets	268,482	20,064	640,111	928,657
Property, plant and equipment				7,014
Right-of-use assets				12,577
Interests in associates				46,616
Equity instruments at FVTOCI				68,130
Financial assets at FVTPL				468
Properties held for sale				469
Other receivables, deposits and prepayments				295,711
Pledged bank deposits				22,000
Short-term bank deposits				693,679
Bank balances and cash				74,219
				<u>2,149,540</u>
Consolidated assets				<u>2,149,540</u>
Segment liabilities	270,153	991	11,405	282,549
Other payables and accruals				2,739
Bank borrowings				33,000
Tax payables				122,083
Deferred tax liabilities				89,976
				<u>530,347</u>
Consolidated liabilities				<u>530,347</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, pledged bank deposits, short-term bank deposits, bank balances and cash, interests in associates, equity instruments at FVTOCI, properties held for sale, financial assets at FVTPL, and certain other receivables, deposits and prepayments; and
- corporate liabilities include certain other payables and accruals, bank borrowings, tax payables and deferred tax liabilities.

## Other segment information

### For the year ended 31 December 2024

	Handsets and IOT terminals business <i>HK\$'000</i>	Automotive intelligent products business <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	4,193	–	–	–	4,193
Additions of right-of-use assets	–	–	–	376	376
Depreciation of property, plant and equipment	18,173	502	–	158	18,833
Depreciation of right-of-use assets	1,230	–	–	484	1,714
Amortisation of intangible assets	979	87	–	–	1,066
Net reversal of impairment loss on consideration receivables	(1,251)	–	–	–	(1,251)
Net reversal of write-down of inventories	(13,088)	–	–	–	(13,088)
Loss on disposal of property, plant and equipment	7,892	–	–	–	7,892
Decrease in fair value of investment properties	–	–	56,031	–	56,031

### For the year ended 31 December 2023

	Handsets and IOT terminals business <i>HK\$'000</i>	Automotive intelligent products business <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	7,732	–	–	–	7,732
Additions of right-of-use assets	–	–	–	920	920
Depreciation of property, plant and equipment	20,756	–	–	165	20,921
Depreciation of right-of-use assets	4,042	–	–	148	4,190
Amortisation of intangible assets	411	–	–	–	411
Written-off of trade receivables	1,804	–	–	–	1,804
Impairment loss on consideration receivables	31,908	–	–	–	31,908
Impairment loss on goodwill	2,282	–	–	–	2,282
Net reversal of allowance of inventories	(73,969)	–	–	–	(73,969)
Gain on disposal of property, plant and equipment	934	–	–	–	934
Decrease in fair value of investment properties	–	–	16,000	–	16,000

## Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Year ended 31 December		As at 31 December	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	<b>359,205</b>	355,243	<b>671,452</b>	760,943
Europe	<b>7,838</b>	34,918	–	–
United States	<b>14,747</b>	55,094	–	–
Hong Kong	<b>12,132</b>	822	<b>266</b>	62
Other Asian Countries	<b>35,448</b>	97,863	–	–
	<b>429,370</b>	543,940	<b>671,718</b>	761,005

*Note:* Non-current assets excluded equity instruments at FVTOCI.

## 5. OTHER INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Refund of Value Added Tax ("VAT")	<b>1,118</b>	3,015
Government grants	<b>24,689</b>	20,322
Interest income earned on bank balances	<b>30,036</b>	22,232
Interest income earned on consideration receivables	<b>835</b>	1,700
Others	<b>1,413</b>	9,830
	<b>58,091</b>	57,099

## 6. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on land resumption	–	537,816
Written-off of trade and other payables	2,554	3,511
(Loss) gain on disposal of property, plant and equipment	(7,892)	934
Changes in fair values of investment properties	(56,031)	(16,000)
Impairment losses on property held for sale	–	(7,142)
Impairment losses on goodwill	–	(2,282)
Impairment losses on interest in an associate	–	(3,342)
Loss on disposal of interest in an associate	–	(1,581)
Loss on deregistration of subsidiaries	(30,764)	–
Net foreign exchange gain (loss)	12,496	(29)
Written-off of trade receivables	–	(1,804)
Fair value change on financial assets at FVTPL	(177)	(1,134)
	<u>(79,814)</u>	<u>508,947</u>

## 7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on bank borrowings	710	4,736
Interests on lease liabilities	95	237
	<u>805</u>	<u>4,973</u>

## 8. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Taxation comprises:</b>		
PRC Enterprise Income Tax (“EIT”)	256	6,879
Overprovision in prior years	(2,188)	(3,783)
	<u>(1,932)</u>	<u>3,096</u>
PRC Land Appreciation Tax	–	70,805
Deferred tax charge	(14,008)	9,868
Taxation (credit) charge for the year	<u>(15,940)</u>	<u>83,769</u>

No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits arising in Hong Kong.

EIT is calculated at the rate prevailing in the relevant districts of the PRC and taking relevant tax incentives into account.



## 9. (LOSS) PROFIT FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
– Audit services	2,420	2,370
– Non-audit services	500	1,040
	<u>2,920</u>	<u>3,410</u>
Amortisation of intangible assets (included in cost of sales and services)	1,066	411
Less: Amount capitalised in inventories	<u>(1,066)</u>	<u>(411)</u>
	–	–
Depreciation of property, plant and equipment	18,833	20,921
Less: Amount capitalised in inventories	<u>(10,953)</u>	<u>(12,282)</u>
	<u>7,880</u>	<u>8,639</u>
Depreciation of right-of-use assets	1,714	4,190
Net (reversal of) allowance of inventories (included in cost of sales and services)	<b>(13,088)</b>	(73,969)
Cost of inventories recognised as an expense (included in cost of sales and services)	<b>336,025</b>	413,864
Staff costs:		
Directors' emoluments	6,188	16,919
Other staff costs		
– Salaries and other benefits	107,718	145,131
– Retirement benefits scheme contributions	<u>23,801</u>	<u>27,037</u>
	<u>137,707</u>	<u>189,087</u>
Less: Amount capitalised in inventories	<u>(9,160)</u>	<u>(37,166)</u>
	<u><b>128,547</b></u>	<u><b>151,921</b></u>
Gross rental income from investment properties	<b>(45,034)</b>	(52,763)
Less: direct operating expenses incurred for investment properties	<u>3,567</u>	<u>4,777</u>
	<u><b>(41,467)</b></u>	<u><b>(47,986)</b></u>

## 10. DIVIDENDS

At the board meeting held on 26 March 2024, the directors proposed a special dividend of HK4 cents per ordinary share, in an aggregate amount of HK\$85,734,000. The proposed dividend was paid during the year.

The directors do not recommend the payment of a final dividend for the years ended 31 December 2024 and 2023.

## 11. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(Loss) earnings figures are calculated as follows:</b>		
(Loss) earnings for the purposes of basic (loss) earnings per share	<u>(94,780)</u>	<u>344,285</u>
	<b>2024 '000</b>	<b>2023 '000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>2,143,351</u>	<u>2,142,497</u>

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for the impact of shares repurchased by the Company.

## 12. TRADE AND NOTES RECEIVABLES

The normal credit period taken on sales of goods is 0 – 90 days.

The following is an aged analysis of trade receivables, net of allowance for credit loss, as well as notes receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
0 – 30 days	49,038	27,821
31 – 60 days	11,262	19,474
61 – 90 days	12,632	747
91 – 180 days	11,807	641
Over 180 days	<u>27,028</u>	<u>38,237</u>
	111,767	86,920
Less: Allowance for credit losses	<u>(28,429)</u>	<u>(38,297)</u>
Trade receivables	<u>83,338</u>	<u>48,623</u>
Notes receivables ( <i>Note</i> )		
0 – 30 days	7,547	13,135
31 – 60 days	14,056	12,559
61 – 90 days	4,723	469
91 – 180 days	<u>1,159</u>	<u>7,654</u>
	<u>27,485</u>	<u>33,817</u>
	<u><u>110,823</u></u>	<u><u>82,440</u></u>

*Note:* Notes receivables represent the promissory notes issued by banks received from the customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. The Group has policy for provision of expected credit loss, which is based on an evaluation of the collectability and age analysis of accounts on every individual trade debtor with significant balances or credit impaired and the remaining balances are grouped based on past due characteristics and on management's judgement including creditworthiness, the past collection history and forward-looking information.

### 13. TRADE AND NOTES PAYABLES

The aged analysis of the Group's trade and notes payables at the end of the reporting period is presented based on the invoice dates for trade payables or date of issuance for notes payables is as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 30 days	<b>53,712</b>	57,278
31 – 60 days	<b>7,093</b>	1,700
61 – 90 days	<b>15,198</b>	290
Over 90 days	<b>10,789</b>	11,931
	<hr/>	<hr/>
Trade payables	<b>86,792</b>	71,199
	<hr/>	<hr/>
Notes payables		
0 – 30 days	–	6,721
	<hr/>	<hr/>
	<b>86,792</b>	77,920
	<hr/> <hr/>	<hr/> <hr/>

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend to shareholders of the Company (“Shareholders”) for the Year.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining Shareholders’ right to attend and vote at the forthcoming annual general meeting of the Company (“AGM”):

Closure dates of register of members (both days inclusive)	9 June 2025 (Monday) to 12 June 2025 (Thursday)
Latest time to lodge transfers	4:30 p.m. on 6 June 2025 (Friday)
Record date	12 June 2025 (Thursday)
AGM	12 June 2025 (Thursday)

During the period of the closure of register of members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before the relevant latest time to lodge transfers.

## **ANNUAL GENERAL MEETING**

The AGM will be held at 24th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 12 June 2025. The notice of the AGM will be posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) in due course.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In 2024, the global economic and trade environment was poor, and under the dual pressure brought by difficulties in developing overseas markets and the profound adjustment of the domestic industry structure, the Group’s business volume experienced a significant decline: a turnover of HK\$429.4 million was recorded for the Year, representing a decrease of 21.1% as compared to HK\$543.9 million during last year. The loss attributable to owners of the Company was HK\$94.8 million for the Year, in which the loss attributable to owners of the Company of HK\$82.3 million was recorded for the first half of the Year, while the loss attributable to owners of the Company for the second half of the Year shrank to HK\$12.5 million.

The first of the reasons for the substantial loss incurred for the Year was the impairment of the investment properties. Based on the market prediction of future rents and the actual leases of the Group, the valuer conducted impairment assessments of the investment properties held by the Group totalling HK\$56.0 million in two separate assessments in the first and second half of the Year. Secondly, there was an exchange loss due to the deregistration of two subsidiaries. An exchange loss of HK\$30.8 million was generated from the difference between the exchange rate at which the US dollars was injected to the subsidiaries at incorporation and the exchange rate at which the US dollars was repatriated to the offshore parent company upon the deregistration of the subsidiaries (This foreign exchange loss was included in the current period's profit and loss and did not affect the total net asset value of the Group).

It is worth noting that the profit of the Group in 2023 was HK\$344.3 million, and it is important to highlight that the profit was derived from the land resumption (a one-off income before tax of HK\$537.8 million). Excluding that income, the actual loss in 2023 would be more than that of 2024, which showed that the situation in 2024 does not represent a shift from profit to loss.

The business volume of the handsets and IOT terminals business has been decreasing year by year and was simply unable to support the large structure established several years ago. During the Year, the Group further optimized the structure and workforce, and a one-off loss of HK\$28.0 million (included in the loss of business segment of HK\$61.5 million recorded in 2024) was generated during the Year due to the payment of the compensation costs to the departing employees and the continued clearance of the historically slow-moving inventory. While further expenses for handling such historical issues will be generated in the future, the amount will be limited.

### **Handsets and IOT terminals business**

In 2024, on one hand, the number of overseas orders declined significantly due to the international trade war. On the other hand, the intensified competition in the domestic market and supply-demand imbalance led to the turnover of the business for the Year dropping to HK\$338.0 million, representing a year-on-year decrease of 28.6%. The gross profit was HK\$32.4 million, representing a year-on-year decrease of 45.3%. The reason for the sharper decline in gross profit relative to the turnover was the introduction of certain businesses with lower gross profit in 2024 to increase the utilization of the factories, which proved to help the factories to turn from losses to profits.

Facing intense internal competition, the Group has no choice but to broaden the source of income and reduce the expenditure in order to survive. The Group's approach was: when it is not easy to broaden the source of income, the reduction in the expenditure should be prioritized. In this regard, during the Year, the Group further optimized its team structure, kept the establishment reasonable and made the best use of resources outside the establishment. The Group stringently controlled all fees and expenses, focused on those major products and key customers, produced good products and served customers well to ensure its profitability. At the same time, it continued to vigorously develop new customers, especially in the overseas markets, while embracing the AI era, and actively developed new tracks.

## **Automotive intelligent products business**

Shanghai Zhenkang, a non-wholly owned subsidiary of the Group, achieved a turnover of HK\$46.3 million and recorded a segment loss of HK\$30.8 million in 2024. During the Year, Shanghai Zhenkang invested significant R&D resources for the success of its in-vehicle infotainment (IVI) project, and the Group had not capitalized the R&D expenses based on the principle of prudence, thus leading to a substantial loss incurred during the Year.

In July 2024, the Group completed the delivery of the initial batch of orders to its customer. The customer held a new vehicle launch event at the end of September, and additional thousands of sets of cockpits have been successfully delivered for installation in the customer's vehicles. According to the feedbacks from users, the R&D, mass production and delivery of this model of IVI product were largely successful.

The management noticed that during the second half of 2024, the price war of China's automotive industry was unprecedentedly fierce. Various automotive manufacturers significantly reduced the prices, yet most automotive companies did not see a noticeable increase in sales after the price cuts. Although the management is familiar with the expansion of market shares at small losses in the handsets market, it is rare to see such a large-scale competition in the automotive market where prices are far lower than the costs. Despite the fact that the automotive industry is traditionally lucrative and that automotive manufacturers have large amount of capital to cope with the competition, the situation is unsustainable, and the market will eventually return to rationality. The management considers that the automotive industry will still be in a state of irrational competition in the short term, and under such a challenging market environment, it is necessary to reassess the future competitive strategies and adjust the strategic layout of new businesses in a timely manner.

## **Property management**

For the Year, the revenue of property management was mainly derived from the leasing of Block A and Block B of SIM Technology Building in Shanghai, factory units and commercial properties in Shenyang. Total area of approximately 76,000 square meters was leased out. To utilize our resources more effectively, the Group will continue to develop the property management business by leasing out the spare space at factories and other buildings.

The revenue of property management for the Year amounted to HK\$45.0 million (2023: HK\$52.8 million) with a gross profit margin of 92.1% (2023: 90.9%). During the Year, based on the forecasts of the future rental market and the actual leases of the Group, the valuer conducted an impairment assessment of the investment properties held by the Group. Valuation loss of total HK\$56.0 million was recorded by the Group which resulted in a significant loss for this business segment.

## Prospects

In 2025, the Group's development will still face multiple challenges. Looking at the current macro environment where there are still many uncertainties, coupled with the trade barriers and risks not yet removed as well as the intensifying overseas and domestic market competition, the management has judged that the industry is in a stage of excessive competition, and it is currently not an opportune time for expansion. "Maintaining profitability while staying stable" is the most appropriate response at the moment instead. Therefore, the Group will scale back non-essential investments, adopt a cautious stance and wait for the right opportunity for breakthrough. It will proactively explore new directions and seize emerging opportunities ahead of curve.

The Group has also noticed the major strategic opportunities brought about by the wave of AI innovation. Compared with a prudent and conservative stance in operation, the Group will be proactive and aggressive in AI technology. In 2025, on one hand, the Group will add AI functions to its terminals products and continue the iterations and upgrades; on the other hand, it will require the full utilization of AI tools in internal operations to improve its efficiency and reduce its operating costs through the replacement of human labour with AI.

The management firmly believes that by the simultaneous implementation of prudent business strategies and AI technology empowerment, the Group can not only control business risks but also grasp the window period of benefits from technology, thereby striving to seize the opportunities in emerging sectors and planning ahead of time for the high-speed development in the future.

## FINANCIAL REVIEW

For the Year, the revenue of the Group was HK\$429.4 million (2023: HK\$543.9 million), in which the revenue from handsets and IOT terminals business and automotive intelligent products business (together, "**Core Business**") decreased by 21.8% as compared with that in 2023 to HK\$384.3 million (2023: HK\$491.2 million). The revenue from property management ("**Non-core Business**") decreased by 14.6% as compared with that in 2023 to HK\$45.0 million in 2024 (2023: HK\$52.8 million).

The gross profit for Core Business of the Group for the Year was HK\$51.5 million (2023: HK\$75.0 million). The gross profit margin for Core Business was 13.4% (2023: 15.3%) and the gross profit margin for Non-core Business increased to 92.1% (2023: 90.9%) The overall gross profit margin of the Group for the Year was 21.7% (2023: 22.1%).



The Group recorded a loss attributable to owners of the Company of HK\$94.8 million (2023: gain attributable to owners of the Company HK\$344.3 million) for the Year. The basic loss per share for the Year was HK4.42 cents (2023: earning per share HK16.07 cents). The primary reasons for the Group's turnaround to loss for the Year are consistent with the circumstances disclosed in the 2024 interim report. Firstly, the domestic and international economic conditions continue to deteriorate, coupled with the significant losses incurred in the first half of the year, marking it difficult to reverse the loss situation of the Group's core business for the whole year. However, the primary reason for the loss in the Year is still operating loss caused by the substantial decrease in the fair value of the Group's investment properties and the exchange rate losses. During the Year, several subsidiaries in the PRC were deregistered and the significant depreciation in value of RMB to USD during the Year when compared to the exchange rate when the USD was injected to the said subsidiaries at incorporation has resulted in tens of millions of foreign exchange loss. Furthermore, the Group's significant profit in the year 2023 was primarily attributable to the one-off gain from the land resumption of a piece of land owned by the Group by the local government of Qingpu District, Shanghai Municipality, PRC. The absence of such non-recurring gain in the Year, also caused to the Group's turnaround from profit to loss.

### Segment results of Core Business

	Year ended 31 December 2024			Year ended 31 December 2023 (re-presented)		
	Revenue <i>HK\$'M</i>	Gross profit <i>HK\$'M</i>	Gross profit margin %	Revenue <i>HK\$'M</i>	Gross profit <i>HK\$'M</i>	Gross profit margin %
Handsets and IOT terminals business	338.0	32.4	9.6	473.7	59.3	12.5
Automotive intelligent products business	46.3	19.1	41.1	17.5	15.7	89.3
Total	<u>384.3</u>	<u>51.5</u>	<u>13.4</u>	<u>491.2</u>	<u>75.0</u>	<u>15.3</u>

### Handsets and IOT terminals business

The revenue of this segment decreased year-on-year by 28.6% to HK\$338.0 million (2023: HK\$473.7 million) in 2024. As the global economic and trade environment was poor, the overseas orders were greatly reduced. In addition, the Group and other domestic manufacturers were faced with the situation of oversupply and shortage of demand. In order to improve the factory utilization rate, the Group introduced some business with relatively low gross profit margin in 2024, the overall gross profit margin decreased to 9.6% (2023: 12.5%) for the Year. The revenue of ODM business contributed to approximately 89% of the revenue of this segment in 2024 (2023: 91%).

## Automotive intelligent products business

The automotive intelligent products business was operated by Shanghai Zhenkang, which became a non-wholly-owned subsidiary of the Company through acquisition last year, becoming a new business segment of the Group in 2024. Figures for the year ended 31 December 2023 have been re-presented for comparative purpose.

In 2023, the revenue from this segment primarily came from non-recurring engineering (“NRE”) fee. The Group had not capitalized the R&D expenses based on the principle of prudence. As a result, although the gross profit was high in 2023, this segment recorded significant losses. In the second half of 2024, the Group completed the delivery of orders to its customer. Revenue for the Year included NRE and hardware revenue, with the gross profit margin decreased to 41.1%. Similar to 2023, the Group had not capitalized the R&D expenses based on the principle of prudence, thus this segment still recorded significant losses for the Year.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Liquidity

As at 31 December 2024, the Group had bank balances and cash of HK\$360.3 million (31 December 2023: HK\$74.2 million), among which 89.9% was held in Renminbi, 6.6% was held in Japanese Yen, 3.4% was held in US dollars and the remaining balance was held in Hong Kong dollars, and short-term bank deposits of HK\$580.8 million (31 December 2023: HK\$693.7 million), among which 73.8% was held in US dollars and the remaining balance was held in Renminbi. As at 31 December 2024, the Group did not have any pledged bank deposits (31 December 2023: HK\$22.0 million). The Group intends to finance its working capital and capital expenditure plans from such bank balances. The total bank borrowings of the Group amounted to HK\$29.2 million as at 31 December 2024 (31 December 2023: HK\$33.0 million), all of which was denominated in Renminbi. All of the bank borrowings were at floating interest rates and repayable within one year.

### Operating Efficiency

The respective turnover period of inventory, trade and notes receivables, trade and notes payables of the Group for the Core Business is presented below:

	<b>2024</b>	2023
	<b>Days</b>	Days
Inventory turnover period	<b>75</b>	119
Trade and notes receivables turnover period	<b>82</b>	59
Trade and notes payables turnover period	<b>105</b>	123

In 2024, the Group adopted the “just-in-time” supply mode and shifted to a demand-oriented “pull” production and distribution model so as to reduce the inventory level as much as possible. At the same time, the Group has enhanced the sales management by achieving more accurate forecast and response to customer demand, thereby reducing the overstock or shortage caused by forecast deviations. As a result, the inventory turnover period for the Year significantly decreased as compared to that of year 2023.

In 2024, due to intensified market competition, in order to maintain market share, the Group had to relax the credit policy for certain selected customers and appropriately extend the credit period. As a result, the trade and note receivables turnover period for the Year significantly increased as compared to that in 2023.

In 2024, the Group’s sales declined leading to a corresponding reduction in procurement volume. As a result, the balance of trade and notes payables decreased. The Group implemented a restrictive procurement policy to reduce the generation of trade and notes payables. Therefore, the trade and notes payables turnover period in the Year significantly decreased as compared to that in 2023.

As at 31 December 2024, the current ratio, calculated as current assets over current liabilities, was 3.1 times (31 December 2023: 3.3 times).

The Group reckons that inventory turnover period, trade and notes receivables turnover period, and trade and notes payables turnover period help the Group to understand its ability to convert inventory into cash and its sales and cash conversion cycle. Through reviewing the turnover periods, the Group can improve its operational efficiency. The current ratio can help the Group to understand its ability to pay short-term and long-term obligations.

### **Treasury Policies**

The Group adopts a prudent approach in its treasury policy. The Group’s surplus funds are mainly held under fixed and savings deposits in reputable banks to earn interest income.

Certain sales and purchases of inventories of the Group are denominated in US dollars. Furthermore, certain trade receivables, trade payables and bank balances are denominated in US dollars, thereby exposing the Group to the currency risk of US dollars. As at 31 December 2024, the Group did not use any financial instrument for hedging purpose but it will consider entering into non-deliverable foreign exchange forward contracts to eliminate the foreign exchange exposure in US dollars when necessary.

### **CAPITAL STRUCTURE**

As at 31 December 2024, the Company had 2,143,351,300 ordinary shares of HK\$0.10 each in issue.

No shares of the Company have been issued during the Year.

## **GEARING RATIO**

As at 31 December 2024, the total assets value of the Group was HK\$1,921.2 million (31 December 2023: HK\$2,149.5 million) and the bank borrowings was HK\$29.2 million (31 December 2023: HK\$33.0 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 1.5% (31 December 2023: 1.5%).

Through reviewing its gearing ratio on a regular basis and based on its future capital planning needs, the Group strikes a balance between shareholder return and capital security. It also adjusts its capital structure in response to changes in the operational environment.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the Year, the Group did not have any material acquisition or disposal of subsidiaries or associated companies.

## **FUTURE PLANS FOR MATERIAL INVESTMENT**

During the Year, the Group did not have any future plans for material investment or capital assets.

## **SIGNIFICANT INVESTMENT**

As at 31 December 2024, the Group did not have any significant investment.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any material contingent liabilities.

## **EMPLOYEES**

As at 31 December 2024, the Group had approximately 570 (2023: 688) employees. The Group operates a Mandatory Provident Fund retirement benefits scheme for all of its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC. The Group may also offer discretionary bonuses and grant share options under the share option scheme of the Company to its employees by reference to individual performance and the performance of the Group. Total staff costs incurred by the Group amounted to HK\$137.7 million (2023: HK\$189.1 million) during the Year.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

## **EVENT AFTER THE REPORTING PERIOD**

There were no significant events of the Group occurred since the end of the Year.

## **CORPORATE GOVERNANCE CODE**

According to code provision C.2.1 of the Corporate Governance Code (“**Corporate Governance Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. On 30 September 2022, Mr. Gao Jun resigned as an executive Director and the chief executive officer of the Group (“**CEO**”). Ever since the resignation of Mr. Gao Jun, the Company has not been able to identify a suitable candidate for the position of the CEO and the office of the CEO therefore remains vacant. This constitutes a deviation from code provision C.2.1.

However, a management team which takes up the roles and duties of the CEO has been set up by the Group since Mr. Gao Jun’s resignation. The team comprises five members, including three executive Directors, namely Mr. Wong Cho Tung, Mr. Zhu Wenhui and Mr. Zhu Qi, and two members of the management of the Company, namely Mr. Yang Hanjie (the chief marketing officer of the Group’s operational headquarters in PRC) and Mr. Yang Feng (the General Manager of the ODM Division of the Group’s operational headquarters in PRC). In light of the above, even though the Company has not been able to appoint an individual to take up the role of the CEO since Mr. Gao Jun’s resignation, the Board considers that such a deviation from code provision C.2.1 of the Corporate Governance Code is appropriate under such circumstances.

Save as disclosed above, the Company has complied with the code provisions laid down in the Corporate Governance Code for the Year.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code for securities transactions. All Directors have confirmed, following specific enquiry by the Company with all Directors, that each of them has fully complied with the required standard as set out in the Model Code for the Year.

## **AUDIT COMMITTEE**

The audit committee of the Board (“**Audit Committee**”) has reviewed with the management the accounting principles and practice adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the unaudited consolidated financial statements of the Group for the Year and has recommended their adoption by the Board.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the respective websites of the Company (www.sim.com) and of the Stock Exchange (www.hkexnews.hk). The 2024 annual report will be available on the above websites in due course.

## **APPRECIATION**

The Board would like to thank our Shareholders, customers, suppliers, bankers and professional advisers for their support of the Group and to extend our appreciation to all our staff for their dedication and contributions throughout the Year.

## **DIRECTORS**

As at the date of this announcement, the executive Directors are Mr. Wong Cho Tung, Ms. Yeung Man Ying, Mr. Zhu Wenhui and Mr. Zhu Qi, the non-executive Director is Mr. Wong Hei, Simon, and the independent non-executive Directors are Ms. Lai Ka Fung May, Mr. Li Minbo and Mr. Yang Wentao.

By Order of the Board  
**SIM Technology Group Limited**  
**Wong Cho Tung**  
*Chairman*

*This announcement contains certain forward-looking statements. The words "intend", "expect", "anticipate", "is confident", and similar expressions are intended to identify forward-looking statements. These statements are not historical facts or guarantees of future performance. Actual results could differ materially from those expressed, implied or forecasted in such forward-looking statements. Such forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the Directors and management of the Company about the business, the industry and the market in which the Group operates, and are subject to risks, uncertainties and other factors that could significantly affect expected results.*

21 March 2025

\* For identification purposes only