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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)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (“**Board**”) of directors (“**Directors**”) of SIM Technology Group Limited (“**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2025 (“**1H-2025**”) together with the comparative figures for the six months ended 30 June 2024 (“**1H-2024**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	3	208,208	183,678
Cost of sales and services		(162,925)	(145,398)
Gross profit		45,283	38,280
Other income	5	17,663	27,390
Other gains and losses	5	(9,469)	(53,670)
Reversal of impairment losses under expected credit model, net		2,604	1,300
Research and development expenses		(27,850)	(59,942)
Selling and distribution costs		(7,456)	(9,372)
Administrative expenses		(19,843)	(33,797)
Share of results of associates		3,115	56
Finance costs		(271)	(1,053)

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation		3,776	(90,808)
Taxation	<i>6</i>	<u>1,933</u>	<u>770</u>
Profit (loss) for the period		<u><u>5,709</u></u>	<u><u>(90,038)</u></u>
Profit (loss) for the period attributable to:			
Owners of the Company		8,807	(82,257)
Non-controlling interests		<u>(3,098)</u>	<u>(7,781)</u>
		<u><u>5,709</u></u>	<u><u>(90,038)</u></u>
Earnings (loss) per share (HK cents)	<i>9</i>		
Basic		<u><u>0.4</u></u>	<u><u>(3.8)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit (loss) for the period	5,709	(90,038)
Other comprehensive income (expense) for the period:		
Item that may be subsequently reclassified to profit or loss for the period:		
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 period:		
Surplus on transfer of rights-of-use assets and property, plant and equipment to investment properties at fair value	20,206	476
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of deferred tax	(2,722)	(7,705)
Deferred tax relating to items that will not be reclassified to profit or loss	(4,104)	1,807
Exchange difference arising on translation to presentation currency	15,802	(4,561)
Other comprehensive income for the period	29,182	20,781
Total comprehensive income (expense) for the period	34,891	(69,257)
Total comprehensive income (expense) attributable to:		
Owners of the Company	37,989	(61,476)
Non-controlling interests	(3,098)	(7,781)
	34,891	(69,257)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Investment properties		591,019	574,540
Property, plant and equipment		27,804	31,428
Right-of-use assets		15,395	15,658
Intangible assets		457	294
Interests in associates		75,832	49,798
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		70,226	71,726
		<u>780,733</u>	<u>743,444</u>
Current assets			
Inventories		31,105	52,720
Trade and notes receivables	10	89,314	110,823
Other receivables, deposits and prepayments		85,470	72,768
Financial assets at fair value through profit or loss (“FVTPL”)		228	291
Short-term bank deposits		744,033	580,821
Bank balances and cash		152,879	360,313
		<u>1,103,029</u>	<u>1,177,736</u>
Current liabilities			
Trade payables	11	58,477	86,792
Contract liabilities		79,529	97,731
Deposits from tenants		2,608	2,699
Deferred income		1,116	1,097
Other payables and accruals		65,797	64,931
Bank borrowings		7,674	29,162
Lease liabilities		1,149	2,344
Tax payables		91,162	97,478
		<u>307,512</u>	<u>382,234</u>
Net current assets		<u>795,517</u>	<u>795,502</u>
Total assets less current liabilities		<u><u>1,576,250</u></u>	<u><u>1,538,946</u></u>

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Capital and reserves		
Share capital	214,335	214,335
Reserves	<u>1,263,640</u>	<u>1,225,651</u>
Equity attributable to owners of the Company	1,477,975	1,439,986
Non-controlling interests	<u>(13,168)</u>	<u>(10,070)</u>
Total equity	<u>1,464,807</u>	<u>1,429,916</u>
Non-current liabilities		
Deposits from tenants	6,239	6,278
Lease liabilities	634	80
Deferred tax liabilities	77,731	75,748
Deferred income	<u>26,839</u>	<u>26,924</u>
	<u>111,443</u>	<u>109,030</u>
	<u><u>1,576,250</u></u>	<u><u>1,538,946</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

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

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the International Accounting Standards Board (“**IASB**”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to a IFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2025 (unaudited)

	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>
Types of goods or services				
Sale of handsets and IOT terminals	174,308	–	–	174,308
Sale of automotive intelligent products	–	12,907	–	12,907
	174,308	12,907	–	187,215
Property rental	–	–	20,993	20,993
Total	174,308	12,907	20,993	208,208
Revenue from contracts with customers and timing of revenue recognition				
A point in time	174,308	12,907	N/A	
Over time	–	–	N/A	
Total	174,308	12,907	N/A	

For the six months ended 30 June 2024 (unaudited)

	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>
Types of goods or services				
Sale of handsets and IOT terminals	156,346	–	–	156,346
Sale of automotive intelligent products	–	5,103	–	5,103
	156,346	5,103	–	161,449
Property rental	–	–	22,229	22,229
Total	156,346	5,103	22,229	183,678
Revenue from contracts with customers and timing of revenue recognition				
A point in time	155,714	5,103	N/A	
Over time	632	–	N/A	
Total	156,346	5,103	N/A	

Geographical markets

The Group's revenue are substantially generated from the PRC, the country of domicile from which the group entities derive revenue. No further analysis is presented.

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, being the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance.

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

For the six months ended 30 June 2025 (unaudited)

	Handsets and IOT terminals business HK\$'000	Automotive intelligent products business HK\$'000	Property management HK\$'000	Consolidated HK\$'000
Revenue				
External sales	174,308	12,907	20,993	208,208
Segment profit (loss)	583	(14,821)	(2,031)	(16,269)
Other income and other gains and losses – unallocated				20,044
Share of results of associates				3,115
Corporate expenses				(2,843)
Finance costs				(271)
Profit before taxation				3,776

For the six months ended 30 June 2024 (unaudited)

	Handsets and IOT terminals business <i>HK\$'000</i>	Automotive intelligent products business <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External sales	<u>156,346</u>	<u>5,103</u>	<u>22,229</u>	<u>183,678</u>
Segment loss	<u>(37,436)</u>	<u>(25,254)</u>	<u>(6,824)</u>	(69,514)
Other income and other gains and losses – unallocated				(15,599)
Share of results of associates				56
Corporate expenses				(4,698)
Finance costs				<u>(1,053)</u>
Loss before taxation				<u>(90,808)</u>

Segment result represents the financial result by each segment without allocation of interest income, dividend income, unallocated foreign exchange gain (loss), net gain or loss on financial assets at FVTPL, share of results of associates, certain other income, corporate expenses, finance costs and taxation.

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

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Segment assets		
Handsets and IOT terminals business	212,158	219,210
Automotive intelligent products business	2,832	33,878
Property management	591,019	574,540
Total reportable segment assets	806,009	827,628
Unallocated assets	1,077,753	1,093,552
Total assets	1,883,762	1,921,180
Segment liabilities		
Handsets and IOT terminals business	180,614	201,686
Automotive intelligent products business	4,765	30,274
Property management	9,685	10,133
Total reportable segment liabilities	195,064	242,093
Unallocated liabilities	223,891	249,171
Total liabilities	418,955	491,264

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, interests in associates, short-term bank deposits, bank balances and cash, financial assets at FVTPL, equity instruments at FVTOCI and certain other receivables, deposits and prepayments. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments.

For the purposes of monitoring segment performances and allocating resources between segments, all liabilities are allocated to reportable and operating segments other than certain lease liabilities, certain other payables, accruals, tax payables, bank borrowings and deferred tax liabilities.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
Refund of Value Added Tax ("VAT") (Note i)	54	1,010
Government grants (Note ii)	1,755	9,806
Bank interest income	15,080	15,389
Others	774	1,185
	<u>17,663</u>	<u>27,390</u>
Other gains and losses		
Loss on disposal of property, plant and equipment	(92)	(4,173)
Written-off other payables	2,155	–
Net foreign exchange gain	3,270	4,367
Changes in fair values of investment properties	(14,739)	(21,120)
Expenses on land resumption	–	(1,567)
Loss on deregistration of subsidiaries (Note iii)	–	(30,764)
Donation	–	(236)
Net loss arising on financial assets measured at FVTPL	(63)	(177)
	<u>(9,469)</u>	<u>(53,670)</u>

Notes:

- (i) Shanghai Simcom Limited, a subsidiary of the Company, is engaged in the business of distribution of self-developed and produced software and the development of automated test equipment and software. Under the current PRC tax regulation, it is entitled to a refund of VAT paid for sales of self-developed and produced software and the development of automated test software in the PRC.
- (ii) During the current interim period, the amount includes HK\$1,116,000 (six months ended 30 June 2024: HK\$1,059,000) unconditional government grants received which was granted to encourage the Group's research and development activities in the PRC.

As at 30 June 2025, an amount of HK\$27,955,000 (31 December 2024: HK\$28,021,000) remained to be amortised and is included in other payables (for current portion) and deferred income (for non-current portion).

- (iii) During the prior interim period, Shanghai Wide-Top Financial Leasing Co., Ltd. and Guangdong Sim Technology Co., Limited, both of whom were wholly-owned subsidiaries of the Company in the PRC, were deregistered. A reclassification of cumulative translation reserve upon deregistration of amount of HK\$30,764,000 had been recognised to profit and loss.

6. TAXATION

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Taxation comprises:		
PRC Enterprise Income Tax (“EIT”)	(4,782)	3,154
Over (under) provision in prior years	<u>3,030</u>	<u>(7,545)</u>
	(1,752)	(4,391)
Deferred tax credit	<u>3,685</u>	<u>5,161</u>
Taxation for the period	<u><u>1,933</u></u>	<u><u>770</u></u>

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

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

7. PROFIT (LOSS) FOR THE PERIOD

Six months ended 30 June
2025 2024
HK\$'000 **HK\$'000**
(unaudited) (unaudited)

Profit (loss) for the period has been arrived at after charging (crediting) the following items:

Amortisation of intangible assets (included in cost of sales and services)

Less: Amount capitalised in inventories

719	1,018
(719)	(1,018)
—	—

Depreciation of property, plant and equipment

Less: Amount capitalised in inventories

6,755	10,350
(6,491)	(5,098)
264	5,252

Depreciation of right-of-use assets

755 1,208

Staff costs including directors' emoluments

Less: Amount capitalised in inventories

46,096	56,622
(4,026)	(5,187)
42,070	51,435

Costs of inventories recognised as an expense (included in cost of sales and services)

162,925 **145,398**

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for both periods.

9. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (loss)		
Profit (loss) for the purposes of basic earnings (loss) per share	<u>8,807</u>	<u>(82,257)</u>
	Six months ended 30 June	
	2025	2024
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>2,143,351</u>	<u>2,142,207</u>

10. TRADE AND NOTES RECEIVABLES

The normal credit period given on sale of goods and services relating to handsets and IOT terminals business and automotive intelligent products business is 0 – 90 days.

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

	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Trade receivables		
0 – 30 days	44,853	49,038
31 – 60 days	15,610	11,262
61 – 90 days	2,492	12,632
91 – 180 days	–	11,807
Over 180 days	26,114	27,028
	<u>89,069</u>	<u>111,767</u>
Less: Allowance for credit losses	(27,290)	(28,429)
	<u>61,779</u>	<u>83,338</u>
Notes receivables (Note)		
0 – 30 days	11,284	7,547
31 – 60 days	11,201	14,056
61 – 90 days	3,112	4,723
91 – 180 days	1,938	1,159
	<u>27,535</u>	<u>27,485</u>
Trade and notes receivables	<u><u>89,314</u></u>	<u><u>110,823</u></u>

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

11. TRADE PAYABLES

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

	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Trade payables		
0 – 30 days	43,139	53,712
31 – 60 days	1,868	7,093
61 – 90 days	–	15,198
Over 90 days	13,470	10,789
	<hr/>	<hr/>
Trade payables	58,477	86,792
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to the shareholders of the Company (“Shareholders”) for 1H-2025.

MANAGEMENT’S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025-1H, the Group achieved significant results in strengthening internal management and cost controls. At the same time, the negative impact of issues left over from the past, including clearance of aged inventory and the handling of personnel-related matters, on the performance during the current period was substantially reduced, thus enabling the Group to essentially turn around its operating results from losses to profits during the reporting period.

The turnover of the Group for 2025-1H reached HK\$208.2 million, representing an increase of 13.4% as compared to the same period last year. Gross profit amounted to HK\$45.3 million, representing an increase of 18.3% as compared to the same period last year. The handsets and IOT terminals business recorded a modest profit of approximately HK\$0.6 million, driven by further cost and expense control. Shanghai Zhenkang Electronics Limited, a non-wholly owned subsidiary of the Group, engaged in the automotive intelligent products business, incurred a loss of HK\$14.8 million due to the cancellation of expected customer orders, resulting in the loss of a significant portion of anticipated revenue. The rental income from investment properties remained largely stable during the reporting period. However, based on the judgment of the future rental market and the actual leases of the Group, the valuer made an impairment of HK\$14.7 million, resulting in a loss of HK\$2.0 million for the leasing business. During the reporting period, the Group’s interest income and foreign exchange gains contributed positively to the Group’s profit and loss for the current period. After accounting for all factors, the Group recorded a profit attributable to the owners of the Company of HK\$8.8 million for 2025-1H.

Handsets and IOT terminals business

This segment generated a turnover of HK\$174.3 million in 2025-1H, representing an increase of 11.5% as compared to the same period last year. Gross profit also rose to HK\$24.7 million, marking a growth as compared to the same period last year. The strategy of “Balancing income and expenditures, and managing costs” implemented in 2024 continued to deliver results. Through the optimization of team structure, tight control on costs and expenses, and the effective utilisation of external resources, operating costs were brought under control. The segment turned around from loss to profit for the first time in years. The management, however, remains cognizant of the fact that despite achieving a moderate profit during the reporting period, the overall situation remains precarious. Sales from businesses have remained subdued in recent years with a significant shortage of quality clients and projects, as well as difficulty in expanding overseas market. With the industry competition growing increasingly fierce, slim margins may eventually fail to cover operating costs and expenses if this trend continues. The top-priority task is to explore new business tracks and identify fresh growth drivers for this business.

The era of AI has arrived. Integrating AI technology with traditional hardware terminals to upgrade and remodel products and address pain points of and demands from consumers has become a crucial direction of development. In 2025-1H, the Group has invested significant resources in AI-powered glasses, companion smart robots, and high-computing-power control modules for humanoid robots. These efforts have already accumulated certain technological assets. The Group is committed to scaling up its investment in these emerging areas, grabbing market shares, accelerating its scale of operation and unlocking new growth drivers for its core business.

Automotive intelligent product business

In 2025-1H, this segment recorded turnover of HK\$12.9 million and a gross profit of approximately HK\$2.1 million. Following a significant loss recorded in 2024, the business still reported a loss of HK\$14.8 million in 2025-1H.

The Group operates in the field of in-vehicle infotainment for new energy vehicles (NEVs), comprising multi-display panels and domain controllers. As one of the most critical components of NEVs, this segment features extremely high entry barriers. After years of development and with tens of millions of dollars in investment, the in-vehicle infotainment developed for a Japanese joint-venture branded customer successfully passed their rigorous certification and entered into mass production for delivery. The customer had previously projected 600 million dollars' worth orders for the three-year period from 2024 to 2026. However, amid the heavy impact from intense and irrational competition across the automotive industry, manufacturers cut the prices and sell at a loss and compete to sell off their inventory. Against this backdrop, the customers of the Company were forced to revise its sales plan and ultimately the demand for this in-vehicle infotainment was reduced to nil in 2025. In response to this development, the management promptly activated an emergency cost-control plan. While ensuring stable delivery and after-sales support for existing orders, non-essential expenditures were reduced to the bare minimum. Although the turnover for the second half of 2025 is expected to be minimal, the substantial reduction in the manpower as well as costs and expenses is anticipated to keep losses within a manageable range.

Property management

In 1H-2025, the revenue of property management was mainly derived from the leasing of SIM Technology Building Block A and Block B in Shanghai, factory units in Shenyang, and commercial properties in Shenyang. A total area of approximately 78,000 square meters was leased out. To utilize our resources more effectively and develop the property management business, the Group will continue to lease the spare space at its factories and other buildings.

The revenue of properties management for 1H-2025 amounted to HK\$21.0 million (1H-2024: HK\$22.2 million) with a gross profit margin of 88.1% (1H-2024: 90.3%).

Prospects

In the second half of 2025, the global economic and trade environment is expected to remain complex and uncertain, with intensifying competition in both domestic and international markets. The Group will adopt a more cautious stance in navigating market challenges, while proactively exploring new growth directions and accelerating its layout in emerging sectors with profitability as our baseline.

The Group will optimize its organizational structure by forming sales teams comprising product and technical experts to strengthen its marketing capabilities and competitiveness at the customer end. Meanwhile, adjustments to the structure of research and development (R&D) centers will be implemented to boost its R&D efficiency and reduce its product costs.

The Group has successfully entered the segments of AI glasses and companion smart robots, and has completed the R&D of integrated solutions. Market expansion efforts will follow in phases, and these “terminal + AI” products are expected to begin contributing to the Group’s performance in the second half of the year. The prototypes of the Group’s high-computing control module for humanoid robots have been delivered and jointly debugged with the customers, indicating its readiness for commercialization. Leveraging nearly 30 years of experiences and advantages in supply chain and module development, the Group aims to build up a supply chain platform for key components in the humanoid robotics industry, thereby offering integrated solutions to its customers. Through its exploration of new growth curve for the layout of core components business in the robotics sector, the Group seeks to establish a synergistic landscape with its “terminal + AI” business.

Guided by a pragmatic and innovative philosophy of business operation, the management team will seize its transformation opportunities amid challenges, deepen its technological capabilities, and steadily enhance its overall competitiveness to create sustainable value for shareholders.

FINANCIAL REVIEW

For 1H-2025, the revenue of the Group was HK\$208.2 million (1H-2024: HK\$183.7 million), in which the revenue from handsets and IOT terminals business and automotive intelligent product business (together, “**Core Business**”) increased by 16.0% to HK\$187.2 million (1H-2024: HK\$161.4 million) as compared with that of 1H-2024. In 1H-2025, the revenue from property management (“**Non-core Business**”) decreased by 5.6% to HK\$21.0 million (1H-2024: HK\$22.2 million) as compared with that in 1H-2024.

The gross profit for 1H-2025 for the Core Business of the Group was HK\$26.8 million (1H-2024: HK\$18.2 million). The gross profit margin for the Core Business was 14.3% (1H-2024: 11.3%) and the gross profit margin for the Non-core Business decreased to 88.1% (1H-2024: 90.3%). The overall gross profit margin of the Group for 1H-2025 increased to 21.8% (1H-2024: 20.8%).

The Group recorded a profit attributable to owners of the Company of HK\$8.8 million (1H-2024: loss attributable to owners of the Company HK\$82.3 million). The basic earnings per share for 1H-2024 was HK0.4 cents (1H-2024: loss per share HK3.8 cents). Such huge reduction in loss was mainly attributable to the following factors:

Firstly, the Group continued to optimise its team structure, stringently control all fees and expenses, focus on those major products and key customers, produce good products and serve customers well to ensure its profitability. At the same time, the negative impact of issues left over from the past, including clearance of aged inventory and the handling of personnel-related matters, on the performance during the current period was substantially reduced, thus enabling the Group to essentially turn around its operating results from losses to profits during the reporting period.

Secondly, the Group deregistered several subsidiaries in the PRC during 1H-2024. The significant depreciation in value of RMB to USD during 1H-2024 when compared to the exchange rate when the USD was injected to the said subsidiaries at incorporation has resulted in one-off foreign exchange loss approximately HK\$30.8M in 1H-2024.

Segment results of Core Business

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	HK\$'M	HK\$'M	%	HK\$'M	HK\$'M	%
Handsets and IOT terminals business	174.3	24.7	14.2	156.3	16.8	10.8
Automotive intelligent product business	12.9	2.1	16.6	5.1	1.4	26.9
Total	187.2	26.8	14.3	161.4	18.2	11.3

Handsets and IOT terminals business

The strategy of “balancing income and expenditures, and managing costs” introduced in 2024 continued to deliver results. Through the optimization of team structure, rigorous control on costs and expenses, and the effective utilisation of external resources, operating costs were brought under control, leading to an increase in segment gross profit. The revenue of this segment for 1H-2025 increased by 11.5% to HK\$174.3 million (1H-2024: HK\$156.3 million) as compared to that of 1H-2024. The gross profit margin of this segment was 14.2% in 1H-2025 (1H-2024: 10.8%). The revenue of ODM business accounted for approximately 93% of the revenue of this segment in 1H-2025 (1H-2024: 91%).

Automotive intelligent product business

The revenue of this segment for 1H-2025 increased by 152.9% to HK\$12.9 million (1H-2024: HK\$5.1 million) as compared to that of 1H-2024. The gross profit margin of this segment was 16.6% in 1H-2025 (1H-2024: 26.9%). In 2024-1H, the revenue from this segment primarily came from non-recurring engineering fee and hardware revenue. The Group had not capitalized the related R&D expenses based on the principle of prudence, resulting in relatively high gross profit. In 2025-1H, the revenue of this segment only came from hardware revenue, and the gross profit has returned to normal level of hardware revenue.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2025, the Group had bank balances and cash of HK\$152.9 million (31 December 2024: HK\$360.3 million), of which 13.3% was held in US dollars, 15.4% was held in Japanese dollars, 70.2% was held in Renminbi and the remaining balance was held in Hong Kong dollars, and short-term deposits of HK\$744.0 million (31 December 2024: \$580.8 million) among which 60.0% was held in US dollars and 40.0% was held in Renminbi. 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\$7.7 million as at 30 June 2025 (31 December 2024: HK\$29.2 million). All of the 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 handsets and IOT terminals business is presented below:

	30 June 2025	31 December 2024
	Days	Days
Inventory turnover period	47	75
Trade and notes receivables turnover period	88	82
Trade and notes payables turnover period	109	105

In 1H-2025, the Group adopted the “just-in-time” supply mode, shifting to a demand-oriented “pull” production and distribution model, minimizing the inventory level as much as possible. At the same time, sales management was enhanced, with more accurate forecasting and response to customer demand, reducing the surplus or shortage caused by forecast deviations. As a result, the inventory turnover period in 1H-2025 significantly decreased as compared to that of year 2024.

In 1H-2025, 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 in 1H-2025 slightly increased as compared to that in 2024.

The trade and notes payables turnover period remained relatively stable in 1H-2025 and year 2024.

As at 30 June 2025, the current ratio, calculated as current assets over current liabilities, was 3.6 times (31 December 2024: 3.1 times).

The Group reckons that inventory turnover period, trade and notes receivables turnover period, and trade and notes payables turnover period help the Group understands its ability to convert inventory into cash and its sales cash conversion cycle. Through reviewing the turnover periods, the Group can improve its operational efficiency. The current ratio can help the Group 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. During 1H-2025, the Group did not use any financial instrument for hedging purpose but it will consider entering into non-deliverable foreign exchange forward contracts to offset the foreign exchange risks dominated in US dollars when necessary.

Capital structure

As at 30 June 2025, the Company had 2,143,351,300 ordinary shares of HK\$0.10 each in issue and did not hold any treasury share.

No shares of the Company were issued during 1H-2025.

GEARING RATIO

As at 30 June 2025, the total assets of the Group were HK\$1,883.8 million (31 December 2024: HK\$1,921.2 million) and the bank borrowings were HK\$7.7 million (31 December 2024: HK\$29.2 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 0.4% (31 December 2024: 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 1H-2025, the Group did not have any material acquisition or disposal of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENT

During 1H-2025, the Group did not have any future plans for material investment or capital assets.

SIGNIFICANT INVESTMENT

As at 30 June 2025, the Group did not have any significant investment.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities.

EMPLOYEES

As at 30 June 2025, the Group had approximately 510 (31 December 2024: 573) employees. The Group operates a Mandatory Provident Fund retirement benefits scheme for all 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 has a comprehensive training system in place that establishes a network-based career path for employees, including position and ability management, skills enhancement programme, various training opportunities, online learning programme for staff, internal promotion system, key employees development programme, succession plans for key positions and leadership development programme. The Group also offers discretionary bonuses and may grant share options under the share option scheme and share awards under the share award scheme adopted or to be adopted by the Company from time to time to its employees by reference to individual performance and the performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During 1H-2025, 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 have been no significant events of the Group occurred since the end of 1H-2025.

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 1H-2025.

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 during 1H-2025.

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 reviewed the unaudited condensed consolidated interim financial information of the Group for 1H-2025. In addition, the unaudited condensed consolidated interim financial information of the Group for 1H-2025 has been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu. The Audit Committee comprises all three independent non-executive Directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement has been published on the respective websites of the Company (www.sim.com) and the Stock Exchange (www.hkexnews.hk). The 2025 interim 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 reporting period.

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.

27 August 2025

* For identification purposes only