SIM Technology

# 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 2023

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 2023 ("**Year**") together with the comparative figures for the corresponding period in 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | **Year ended 31 December** | |
|---|---|---|---|
| | *Notes* | **2023** | 2022 |
| | | ***HK$'000*** | *HK$'000* |
| | | **Audited** | Audited |
| Revenue | *3* | **543,940** | 638,017 |
| Cost of sales and services | | **(423,611)** | (650,107) |
| Gross profit (loss) | | **120,329** | (12,090) |
| Other income | *5* | **57,099** | 30,474 |
| Other gains and losses | *6* | **508,947** | (28,619) |
| Impairment losses under expected credit loss model, net of reversal | | **(17,607)** | (35,292) |
| Research and development expenses | | **(136,926)** | (245,282) |
| Selling and distribution costs | | **(24,368)** | (34,724) |
| Administrative expenses | | **(81,618)** | (173,806) |
| Share of results of associates | | **(3,940)** | 4,940 |
| Finance costs | *7* | **(4,973)** | (4,916) |

| | Notes | Year ended 31 December **2023** *HK$'000* **Audited** | 2022 *HK$'000* Audited |
|---|---|---|---|
| Profit (loss) before taxation | | **416,943** | (499,315) |
| Taxation | *8* | **(83,769)** | (8,507) |
| Profit (loss) for the year | *9* | **333,174** | (507,822) |
| Profit (loss) for the year attributable to: | | | |
| Owners of the Company | | **344,285** | (509,453) |
| Non-controlling interests | | **(11,111)** | 1,631 |
| | | **333,174** | (507,822) |
| Earning (loss) per share (HK cents) | *11* | | |
| Basic | | **16.07** | (23.24) |
| Diluted | | **16.07** | (23.24) |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **Audited** | Audited |
| Profit (loss) for the year | **333,174** | (507,822) |
| Other comprehensive income (expense) | | |
| 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 | **1,305** | 96,685 |
| Fair value gain on investment in equity instrument at fair value through other comprehensive income | **10,618** | 630 |
| Deferred tax relating to items that will not be reclassified to profit or loss | **(2,981)** | (21,786) |
| Exchange difference arising on translation to presentation currency | **(21,803)** | (122,784) |
| Other comprehensive expense | **(12,861)** | (47,255) |
| Total comprehensive income (expense) for the year | **320,313** | (555,077) |
| Total comprehensive income (expense) attributable to: | | |
| Owners of the Company | **331,424** | (556,269) |
| Non-controlling interests | **(11,111)** | 1,192 |
| | **320,313** | (555,077) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2023*

| | *Notes* | **2023**<br>***HK$'000***<br>**Audited** | 2022<br>*HK$'000*<br>Audited |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | **640,111** | 664,865 |
| Property, plant and equipment | | **56,243** | 82,218 |
| Right-of-use assets | | **17,482** | 67,196 |
| Intangible assets | | **553** | 565 |
| Interests in associates | | **46,616** | 60,056 |
| Equity instruments at fair value through other comprehensive income ("FVTOCI") | | **68,130** | 61,376 |
| Consideration receivables | | **–** | 17,227 |
| | | **829,135** | 953,503 |
| **Current assets** | | | |
| Inventories | | **86,323** | 185,779 |
| Properties held for sale | | **469** | 8,093 |
| Trade and notes receivables | *12* | **82,440** | 77,803 |
| Other receivables, deposits and prepayments | | **360,807** | 67,418 |
| Consideration receivables | | **–** | 25,147 |
| Amounts due from associates | | **–** | 5,772 |
| Financial assets at fair value through profit or loss ("FVTPL") | | **468** | 1,602 |
| Pledged bank deposits | | **22,000** | 165,846 |
| Short-term bank deposits | | **693,679** | 168,122 |
| Bank balances and cash | | **74,219** | 191,814 |
| | | **1,320,405** | 897,396 |
| Assets held for disposal | | **–** | 202,955 |
| | | **1,320,405** | 1,100,351 |

| | Notes | **2023**<br>***HK$'000***<br>**Audited** | 2022<br>*HK$'000*<br>Audited |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and notes payables | *13* | **77,920** | 157,160 |
| Deposits from tenants | | **3,620** | 2,242 |
| Deferred income | | **1,116** | 1,136 |
| Other payables and accruals | | **75,084** | 48,919 |
| Contract liabilities | | **80,065** | 105,893 |
| Bank borrowings | | **33,000** | 240,240 |
| Lease liabilities | | **2,509** | 6,884 |
| Tax payables | | **122,083** | 33,981 |
| | | **395,397** | 596,455 |
| **Net current assets** | | **925,008** | 503,896 |
| **Total assets less current liabilities** | | **1,754,143** | 1,457,399 |
| **Capital and reserves** | | | |
| Share capital | | **214,335** | 219,852 |
| Reserves | | **1,405,591** | 1,074,361 |
| Equity attributable to owners of the Company | | **1,619,926** | 1,294,213 |
| Non-controlling interests | | **(733)** | 14,123 |
| **Total equity** | | **1,619,193** | 1,308,336 |
| **Non-current liabilities** | | | |
| Deposits from tenants | | **6,078** | 6,666 |
| Lease liabilities | | **2,194** | 6,234 |
| Deferred tax liabilities | | **89,976** | 96,555 |
| Deferred income | | **36,702** | 39,608 |
| | | **134,950** | 149,063 |
| | | **1,754,143** | 1,457,399 |

# 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 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 IFRSs AND CHANGES IN OTHER ACCOUNTING POLICIES

**New and amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

| | |
|---|---|
| IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) | Insurance Contracts |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12 | International Tax Reform-Pillar Two model Rules |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |

Except as described below, the application of the new and amendments to IFRSs 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.

*Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current year had no material impact on the Group's financial position and performance but has affected the disclosure of the Group's accounting polices.

*Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The new accounting policies have been applied retrospectively. The application of the Committee's agenda decision has had no material impact on the Group's consolidated financial statements.

**New and amendments to IFRSs in issue but not yet effective**

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

| | |
|---|---|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS 16 | Lease liability in a Sale and Leaseback[2] |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current[2] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[2] |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements[2] |
| Amendments to IAS 21 | Lack of Exchangeability[3] |

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. REVENUE

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

| | For the year ended 31 December 2023 | | |
|---|---|---|---|
| **Segments** | **Handsets and IOT terminals business** *HK$'000* | **Property management** *HK$'000* | **Total** *HK$'000* |
| **Types of goods or services** | | | |
| Sale of handsets and IOT terminals | **457,480** | **–** | **457,480** |
| Electronics manufacturing services | **33,697** | **–** | **33,697** |
| Property rental | **–** | **52,763** | **52,763** |
| Total | **491,177** | **52,763** | **543,940** |
| **Timing of revenue recognition** | | | |
| At a point in time | **457,480** | **N/A** | |
| Over time | **33,697** | **N/A** | |
| Total | **491,177** | **N/A** | |

| Segments | For the year ended 31 December 2022 Handsets and IOT terminals business *HK$'000* | Property management *HK$'000* | Total *HK$'000* |
|---|---|---|---|
| **Types of goods or services** | | | |
| Sale of handsets and IOT terminals | 554,383 | – | 554,383 |
| Electronics manufacturing services | 30,290 | – | 30,290 |
| Property rental | – | 53,344 | 53,344 |
| Total | 584,673 | 53,344 | 638,017 |
| **Timing of revenue recognition** | | | |
| At a point in time | 554,383 | N/A | |
| Over time | 30,290 | N/A | |
| Total | 584,673 | N/A | |

***Geographical markets***

| | **For the year ended 31 December 2023** | |
|---|---|---|
| | **Handsets and IOT terminals business** ***HK$'000*** | **Property management** ***HK$'000*** |
| The PRC | **302,480** | **52,763** |
| Europe | **34,918** | **–** |
| United States | **55,094** | **–** |
| Hong Kong | **822** | **–** |
| Other Asia countries | **97,863** | **–** |
| | **491,177** | **52,763** |

| | For the year ended 31 December 2022 | |
|---|---|---|
| | Handsets and IOT terminals business | Property management |
| | *HK$'000* | *HK$'000* |
| The PRC | 253,826 | 53,344 |
| Europe | 41,817 | – |
| United States | 125,039 | – |
| Hong Kong | 6,982 | – |
| Other Asia countries | 157,009 | – |
| | 584,673 | 53,344 |

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

***Sale of handsets and IOT terminals and own-branded products manufacturing***

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.

***Electronics manufacturing services***

The electronics manufacturing services are 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 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 electronics manufacturing services, are for period of one year or less.

**(iv) Leases**

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| For operating lease: | | |
| Lease payments that are fixed | **52,763** | 53,344 |

For the year ended 31 December 2023, the Group recognised HK$47,986,000 (2022: HK$49,155,000) selling profit, being the difference between gross rental income and direct operating expenses, as a property lessor.

## 4. SEGMENT INFORMATION

For the purposes of resource allocation and assessment of segment performance, information reported to the executive directors of the Company, being the chief operating decision makers (the "CODM"), focus on types of goods or services delivered or provided.

In the prior year, the Group was reorganised into two reportable and operating segments, being the handsets and IOT terminals business and property management.

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

***For the year ended 31 December 2023***

| | **Handsets and IOT terminals business** *HK$'000* | **Property management** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|
| Revenue | | | |
| External sales | **491,177** | **52,763** | **543,940** |
| Segment (loss) profit | **(100,851)** | **16,706** | **(84,145)** |
| Other income and other gains and losses | | | **553,857** |
| Share of result of an associate | | | **(3,940)** |
| Corporate expenses | | | **(43,856)** |
| Finance costs | | | **(4,973)** |
| Profit before taxation | | | **416,943** |

*For the year ended 31 December 2022*

| | Handsets and IOT terminals business<br>*HK$'000* | Property management<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|
| Revenue | | | |
| External sales | 584,673 | 53,344 | 638,017 |
| Segment loss | (471,227) | (5,834) | (477,061) |
| Other income and other gains and losses | | | (12,051) |
| Share of results of associates | | | 4,940 |
| Corporate expenses | | | (10,227) |
| Finance costs | | | (4,916) |
| Loss before taxation | | | (499,315) |

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, certain other income, corporate expenses, share of results of associates, finance costs and taxation. 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 2023***

| | Handsets and IOT terminals business<br>*HK$'000* | Property management<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|
| Segment assets | **288,546** | **640,111** | **928,657** |
| Property, plant and equipment | | | **7,014** |
| Right-of-use assets | | | **12,577** |
| Interest in an associate | | | **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** |
| Consolidated assets | | | **2,149,540** |
| Segment liabilities | **271,144** | **11,405** | **282,549** |
| Other payables and accruals | | | **2,739** |
| Bank borrowings | | | **33,000** |
| Tax payables | | | **122,083** |
| Deferred tax liabilities | | | **89,976** |
| Consolidated liabilities | | | **530,347** |

*At 31 December 2022*

| | Handsets and IOT terminals business *HK$'000* | Property management *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|
| Segment assets | 430,660 | 812,974 | 1,243,634 |
| Property, plant and equipment | | | 41,580 |
| Right-of-use assets | | | 60,818 |
| Interests in associates | | | 60,056 |
| Equity instruments at FVTOCI | | | 61,376 |
| Financial assets at FVTPL | | | 1,602 |
| Properties held for sale | | | 8,093 |
| Amounts due from associates | | | 5,772 |
| Other receivables, deposits and prepayments | | | 2,767 |
| Consideration receivables | | | 42,374 |
| Pledged bank deposits | | | 165,846 |
| Short-term bank deposits | | | 168,122 |
| Bank balances and cash | | | 191,814 |
| Consolidated assets | | | 2,053,854 |
| Segment liabilities | 354,897 | 9,889 | 364,786 |
| Other payables and accruals | | | 3,722 |
| Lease liabilities | | | 6,234 |
| Bank borrowings | | | 240,240 |
| Tax payables | | | 33,981 |
| Deferred tax liabilities | | | 96,555 |
| Consolidated liabilities | | | 745,518 |

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, financial assets at FVTPL, amounts due from associates, consideration receivables and certain other receivables, deposits and prepayments.

- corporate liabilities include certain other payables, accruals, lease liabilities, tax payables, bank borrowings and deferred tax liabilities, and

- properties held for sale are unallocated since property development is no longer classify as reportable segment.

**Other segment information**

*For the year ended 31 December 2023*

| | **Handsets and IOT terminals business** *HK$'000* | **Property management** *HK$'000* | **Unallocated** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|
| 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 | **4,190** | **–** | **–** | **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)** |
| Loss on disposal of property, plant and equipment | **934** | **–** | **–** | **934** |
| Decrease in fair value of investment properties | **–** | **16,000** | **–** | **16,000** |

*For the year ended 31 December 2022*

| | Handsets and IOT terminals business *HK$'000* | Property management *HK$'000* | Unallocated *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | |
| Additions of property, plant and equipment | 53,818 | – | – | 53,818 |
| Additions of right-of-use assets | 9,345 | – | 46,615 | 55,960 |
| Additions of intangible assets | 7,756 | – | – | 7,756 |
| Depreciation of property, plant and equipment | 21,834 | – | – | 21,834 |
| Depreciation of right-of-use assets | 9,835 | – | 157 | 9,992 |
| Amortisation of intangible assets | 45,127 | – | – | 45,127 |
| Impairment losses on property, plant and equipment | 53,839 | – | – | 53,839 |
| Impairment losses on right-of-use assets | 6,056 | – | – | 6,056 |
| Impairment losses on intangible assets | 17,918 | – | – | 17,918 |
| Impairment losses on trade receivables | 13,241 | – | – | 13,241 |
| Impairment losses on other receivables | 4,441 | – | – | 4,441 |
| Impairment losses on amounts due from associates | – | – | 16,499 | 16,499 |
| Impairment losses on consideration receivables | 1,111 | – | – | 1,111 |
| Allowance of inventories | 57,447 | – | – | 57,447 |
| Loss on disposal of property, plant and equipment | 1,977 | – | – | 1,977 |
| Decrease in fair value of investment properties | – | 37,422 | – | 37,422 |

**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 Year ended** | | **Non-current assets Year ended** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| The PRC | **355,243** | 307,170 | **760,943** | 874,689 |
| Europe | **34,918** | 41,817 | **–** | – |
| United States | **55,094** | 125,039 | **–** | – |
| Hong Kong | **822** | 6,982 | **62** | 211 |
| Other Asian Countries | **97,863** | 157,009 | **–** | – |
| | **543,940** | 638,017 | **761,005** | 874,900 |

*Note:*

Non-current assets excluded equity instruments at FVTOCI and consideration receivables.

## 5. OTHER INCOME

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Refund of Value Added Tax ("VAT") | **3,015** | 1,612 |
| Government grants | **20,322** | 13,638 |
| Interest income earned on bank balances | **22,232** | 10,970 |
| Interest income earned on consideration and other receivables | **1,700** | 3,346 |
| Dividend income from an associate and financial assets at FVTOCI | **7,157** | – |
| Dividend income from financial assets at FVTPL | **–** | 327 |
| Others | **2,673** | 581 |
| | **57,099** | 30,474 |

## 6. OTHER GAINS AND LOSSES

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Gain on land resumption | **537,816** | – |
| Written-off of trade and other payables | **3,511** | 8,057 |
| Gain (loss) on disposal of property, plant and equipment | **934** | (1,977) |
| Gain arising on early termination of lease contracts | **–** | 229 |
| Changes in fair values of investment properties | **(16,000)** | (37,422) |
| Impairment losses on property held for sale | **(7,142)** | – |
| Impairment losses on goodwill | **(2,282)** | – |
| Impairment losses on interest in associate | **(3,342)** | – |
| Loss on disposal of interest in an associate | **(1,581)** | – |
| Net foreign exchange (loss) gain | **(29)** | 5,044 |
| Written-off of trade receivables | **(1,804)** | – |
| Fair value change on financial assets at FVTPL | **(1,134)** | (2,550) |
| | **508,947** | (28,619) |

## 7. FINANCE COSTS

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interests on bank borrowings | **4,736** | 4,400 |
| Interests on lease liabilities | **237** | 516 |
| | **4,973** | 4,916 |

## 8. TAXATION

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| PRC Enterprise Income Tax ("EIT") | **6,879** | 109 |
| Overprovision in prior years | **(3,783)** | (1,517) |
| | **3,096** | (1,408) |
| PRC Land Appreciation Tax | **70,805** | – |
| Deferred tax charge | **9,868** | 9,915 |
| Taxation for the year | **83,769** | 8,507 |

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. PROFIT (LOSS) FOR THE YEAR

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the year has been arrived at after charging (crediting): | | |
| Auditor's remuneration | | |
| – Audit services | **2,370** | 2,200 |
| – Non-audit services | **1,040** | 450 |
| | **3,410** | 2,650 |
| Amortisation of intangible assets (included in cost of sales and services) | **411** | 45,127 |
| Less: Amount capitalised in inventories | **(411)** | (45,127) |
| | **–** | – |
| Impairment losses recognised on property, plant and equipment, right-of-use assets and intangible assets included in | | |
| – cost of sales and services | **–** | 17,918 |
| – administrative expenses | **–** | 59,895 |
| | **–** | 77,813 |
| Depreciation of property, plant and equipment | **20,921** | 21,834 |
| Less: Amount capitalised in inventories | **(12,282)** | (14,239) |
| | **8,639** | 7,595 |
| Depreciation of right-of-use assets | **4,190** | 9,992 |
| Net (reversal of) allowance of inventories (included in cost of sales and services) | **(73,969)** | 57,447 |
| Cost of inventories recognised as an expense (included in cost of sales and services) | **413,864** | 628,000 |
| Staff costs: | | |
| Directors' emoluments | **16,919** | 6,035 |
| Other staff costs | | |
| – Salaries and other benefits | **145,131** | 279,317 |
| – Retirement benefits scheme contributions | **27,037** | 63,297 |
| | **189,087** | 348,649 |
| Less: Amount capitalised in development costs | **–** | (3,035) |
| Less: Amount capitalised in inventories | **(37,166)** | (34,495) |
| | **151,921** | 311,119 |
| Gross rental income from investment properties | **(52,763)** | (53,344) |
| Less: direct operating expenses incurred for investment properties | **4,777** | 4,189 |
| | **47,986** | (49,155) |

## 10. DIVIDENDS

Subsequent to the end of the reporting period, a special dividend of HK4 cents per ordinary share, in an aggregate amount of HK$85.7 million, has been proposed by the directors of the Group.

The directors do not recommend the payment of a final dividend for the years ended 31 December 2023 and 2022.

## 11. EARNING (LOSS) PER SHARE

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Earning (loss) figures are calculated as follows:** | | |
| Earning (loss) for the purposes of basic and diluted earning (loss) per share | **344,285** | (509,453) |

| | **2023** | 2022 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earning (loss) per share | **2,142,497** | 2,192,057 |

The weighted average number of ordinary shares for the purpose of basic earning (loss) per share has been adjusted for the impact of shares repurchased by the Company and shares held by the trust under the share award scheme of the Company which was terminated on 13 March 2024.

No separate diluted earning (loss) per share information has been presented as no potential ordinary shares were issued for both years.

## 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 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:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | | |
| 0 – 30 days | **27,821** | 35,399 |
| 31 – 60 days | **19,474** | 7,746 |
| 61 – 90 days | **747** | 1,894 |
| 91 – 180 days | **641** | 814 |
| Over 180 days | **38,237** | 66,133 |
| | **86,920** | 111,986 |
| Less: Allowance for credit losses | **(38,297)** | (38,863) |
| Trade receivables | **48,623** | 73,123 |
| Notes receivables *(Note)* | | |
| 0 – 30 days | **13,135** | 994 |
| 31 – 60 days | **12,559** | 48 |
| 61 – 90 days | **469** | 818 |
| 91 – 180 days | **7,654** | 2,708 |
| Over 180 days | **–** | 112 |
| | **33,817** | 4,680 |
| | **82,440** | 77,803 |

*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 ECL, 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:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 30 days | **57,278** | 94,444 |
| 31 – 60 days | **1,700** | 10,581 |
| 61 – 90 days | **290** | 4,202 |
| Over 90 days | **11,931** | 13,116 |
| Trade payables | **71,199** | 122,343 |
| Notes payables | | |
| 0-30 days | **6,721** | 34,817 |
| | **77,920** | 157,160 |

## SPECIAL DIVIDEND AND FINAL DIVIDEND

The Board is pleased to announce that at its meeting on Tuesday, 26 March 2024, the Board has resolved to declare a special dividend of HK4 cents per share, amounting to approximately HK$85.7 million in total.

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

## CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to receive the special dividend:

| | |
|---|---|
| Closure dates of register of members (both days inclusive) | 16 April 2024 (Tuesday) to 18 April 2024 (Thursday) |
| Latest time to lodge transfers | 4:30 p.m. on 15 April 2024 (Monday) |
| Record date | 18 April 2024 (Thursday) |
| Special dividend payment date | 26 April 2024 (Friday) |

For determining the 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) | 4 June 2024 (Tuesday) to 7 June 2024 (Friday) |
| Latest time to lodge transfers | 4:30 p.m. on 3 June 2024 (Monday) |
| Record date | 7 June 2024 (Friday) |
| AGM | 7 June 2024 (Friday) |

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, Wan Chai, Hong Kong, before the relevant latest time to lodge transfers.

## AGM

The AGM will be held at 24th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 7 June 2024. 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**").

## MANAGEMENT’S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In 2023, although the COVID-19 pandemic subsided in the People’s Republic of China (“**PRC**”), the Chinese economy was still affected by the far-reaching impact of the Sino-US trade war and other factors. The pace of economic recovery was slow, and exports, investment and consumption all failed to resume to the pre-epidemic level. While the Group’s performance in the development of new business and in sourcing new overseas customers was not satisfactory due to the economic environment, the Group has made great improvements in its internal cost control and management in the past year, and many problems caused by its untimely development plan over the past three years were fundamentally solved.

The Group achieved a turnover of HK$543.9 million in 2023, a decrease of 14.7% as compared to the same period last year. Yet the gross margin for the Year has returned to normal level. By controlling material procurement costs, improving R&D and production efficiency, particularly the timely disposal of inventories over the past year and provision reversal of idle materials, the Group’s gross profit for the Year improved to HK$120.3 million from a gross loss of HK$12.1 million in 2022. The loss recorded for the Year was significantly reduced when compared to 2022, even though a profit still could not be made. However, due to the recognition of a large amount of non-recurring income during the Year, the Group recorded a net profit for the Year.

The Group’s untimely development strategy adopted three years ago had resulted in redundant R&D and management personnel and overspending on operating expenses which were seriously mismatched with the scale of revenue. At the same time, due to aggressive business operations, the management of the Group at that time lacked the requisite experience in material preparation control, which resulted in serious slow-moving inventory. In 2023, the management of the Group tackled the above problems at the root by further optimizing the organizational structure, cutting the number of staff, increasing efficiency, reducing costs and controlling risks etc. A lean production approach was adopted through downsizing and merging. The previous excessive headcount, loose organizational structure and dispersed R&D and production bases were significantly streamlined (for example, the production bases of Shanghai Qingpu, Anhui Tongcheng and Liaoning Shenyang have now been centralized in Anhui Tongcheng). Not only did it improve management efficiency, but it also effectively controlled the costs and expenses in all aspects of operation and management.

The termination of the plan of developing a technological industrial park in Dongguan, the PRC, in 2023 by the management was due to the huge discrepancy between the management’s expectations on the Group’s operational scale at the time of the acquisition of the land and its subsequent operational scale, which was insufficient to support the additional capacity brought about by the new production base. So the management initiated the process of terminating the project and returning the relevant land.

In 2023, the Group increased its investment in an associated company, Shanghai Zhenkang Electronics Limited (上海蓁康電子有限公司), and became its controlling shareholder. This enabled the Group to step further into the automotive electronics industry. Although competition in the automotive electronics industry will become increasingly fierce in the future, it is still way better when compared with the Group's existing IOT terminals business. The automotive electronics industry has certain entry barriers, and the Group is positioned in the In-Vehicle Infotainment (IVI) sub-segment which has the highest entry barriers. The Group has already been recognised by a Japanese joint venture automobile manufacturer. Hence, the management believes that it is a business worth developing and investing in. At present, the product development has basically been completed and the products will appear in a series of new vehicles to be launched by this manufacturer in 2024.

**Handsets and IOT terminals business**

Firstly, as affected by the international trade war and the pandemic earlier on, the expansion of overseas business was difficult, and overseas orders were greatly reduced. Secondly, the Group and other domestic manufacturers were faced with the situation of oversupply and shortage of demand. Price competition in the market became increasingly fierce. Therefore, during the Year, the turnover remained at a low level, revenue was unable to cover fixed costs and no profit could be made. The business recorded a turnover of HK$491.2 million in 2023, a decrease of 16.0% as compared to the same period last year. Gross profit of HK$75.0 million was recorded for the Year, a significant improvement over the gross loss of HK$61.2 million in the same period last year. The gross loss in 2022 was mainly due to the impairment provision for a large amount of inventory in the previous period.

As the core business of the Group, the management will take more active and effective measures to cope with issues such as the declining market demand and the intensifying competition. Relying on the advanced technology and good reputation accumulated in this field for many years, the management will take the initiative to further penetrate into the domestic and foreign markets, develop new products and expand new markets, while focusing on products with advantages, quality customers and improvement in customer satisfaction. The Group will seek cooperation opportunities with more high-quality customers to generate revenue and profit.

**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 in Shanghai and Shenyang and commercial properties in Shenyang. Up until the completion of the Land Resumption (as defined below), a total area of approximately 108,000 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$52.8 million (2022: HK$53.3 million) with a gross profit margin of 85.9% (2022: 92.2%). In July 2023, Shanghai Sunrise Simcom Limited ("**SH Sunrise**"), an indirect wholly-owned subsidiary of the Company, entered into a land resumption agreement ("**Agreement**") with the local government in respect of the resumption ("**Land Resumption**") of the land use rights of a piece of land owned by SH Sunrise in Qingpu, Shanghai together with all buildings, structures and attachments thereat ("**Qingpu Plant**"). The Land Resumption has been completed and all the tenants of the Qingpu Plant have received appropriate compensation and have been relocated. As a result of the Land Resumption, the total leased out area has reduced from approximately 108,000 square meters to approximately 76,000 square meters.

**Prospects**

The prospect of the Group's handsets and IOT terminals business in 2024 is still not optimistic. New businesses, new markets and new talents are needed to unleash our potential and bring about a second wave of development to the Group. Developing automotive electronics business is an opportunity, but one such project requires millions of dollars in R&D investment, and hundreds of millions of dollars in revenue to support product delivery, which also poses a challenge to the Group. Therefore, the management will maintain a pragmatic and prudent attitude toward this business, respond to the market actively and make cautious investment. In addition, the management will also conduct in-depth exploration of some new businesses and business models. In the future, the management will continue to follow the route of pragmatic and steady development in order to create value for the Group and benefits for the Shareholders.

## FINANCIAL REVIEW

For the Year, the revenue from the handsets and IOT terminals business ("**Core Business**") decreased by 16.0% to HK$491.2 million (2022: HK$584.7 million). The revenue from property management ("**Non-core Business**") decreased by 1.1% to HK$52.8 million in 2023 as compared with that in 2022 (2022: HK$53.3 million). The total revenue of the Group for the Year, which included revenue of Core Business and Non-core Business, amounted to HK$543.9 million (2022: HK$638.0 million).

The gross profit for the Core Business for the Year was HK$75.0 million (2022: gross loss HK$61.2 million). The gross profit margin for the Core Business was 15.3% (2022: gross loss margin 10.5%) and the gross profit margin for the Non-core Business decreased to 85.9% (2022: 92.2%) The overall gross profit margin of the Group for the Year was 22.1% (2022: gross loss margin 1.9%).

The Group recorded a gain attributable to owners of the Company of HK$344.3 million (2022: loss attributable to owners of the Company HK$509.5 million) for the Year. The basic earning per share for the Year was HK16.07 cents (2022: loss per share HK23.24 cents). The turnaround in earnings is principally attributable to the gain from the Land Resumption. The gain from the Land Resumption (before PRC Land Appreciation Tax) was approximately HK$537.8 million.

**R & D expenses**

In 2023, the Group mainly focused on the development of the handsets and IOT terminals business. The number of design and development team members was 107 in 2023 (2022: 182). Total R&D expenses of the Group amounted to HK$136.9 million (2022: HK$245.3 million), representing 25.2% (2022: 38.4%) of the Group's revenue.

**Selling and distribution costs**

The selling and distribution costs of the Group for the Year decreased by 29.8% to HK$24.4 million (2022: HK$34.7 million). The ratio of the selling and distribution costs over revenue in 2023 was 4.5% (2022: 5.4%).

**Administrative expenses**

The Group's administrative expenses for the Year decreased by 53.0% to HK$81.6 million (2022: HK$173.8 million), representing 15.0% (2022: 27.2%) of the revenue.

The reasons for the significant decrease in R&D expenses, selling and distribution costs and administrative expenses were disclosed in the "Business Review" section above.

**Segment results of Core Business**

| | **Year ended 31 December 2023** | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | **Revenue** | **Gross profit** | **Gross profit margin** | Revenue | Gross loss | Gross loss margin |
| | ***HK$'M*** | ***HK$'M*** | ***%*** | *HK$'M* | *HK$'M* | *%* |
| Handsets and IOT terminals business | **491.2** | **75.0** | **15.3** | 584.7 | (61.2) | (10.5) |
| Total | **491.2** | **75.0** | **15.3** | 584.7 | (61.2) | (10.5) |

**Handsets and IOT terminals business**

The revenue of this segment decreased year-on-year by 16.0% to HK$491.2 million (2022: HK$584.7 million) in 2023. As affected by the international trade war and the pandemic earlier on, the expansion of overseas business was difficult, and overseas orders were greatly reduced. In addition, the Group and other domestic manufacturers were faced with the situation of oversupply and shortage of demand. The overall gross profit margin of this business segment returned to normal and recorded a gross profit margin of 15.3% (2022: gross loss margin 10.5%) for the Year. The revenue of ODM business contributed to approximately 91% of the revenue of this segment in 2023 (2022: 86%).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Liquidity

As at 31 December 2023, the Group had bank balances and cash of HK$74.2 million (31 December 2022: HK$191.8 million), among which 76.8% was held in US dollars, 19.5% was held in Renminbi and the remaining balance was held in Hong Kong dollars, and short-term bank deposits of HK$693.7 million (31 December 2022: HK$168.1), among which 51.9% was held in Renminbi and the remaining balance was held in US dollars. As at 31 December 2023, the Group also had pledged bank deposits of HK$22.0 million (31 December 2022: HK$165.8 million), all of which were held in Renminbi, for the purpose of the Group's Renminbi borrowings. The Group intends to finance its working capital and capital expenditure plans from such bank balances. The Group has pledged bank deposits to secure the bank borrowings. The total bank borrowings of the Group amounted to HK$33.0 million as at 31 December 2023 (31 December 2022: HK$240.2 million), all of which were 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:

| | **2023**<br>**Days** | 2022<br>Days |
|---|---|---|
| Inventory turnover period | **119** | 118 |
| Trade and notes receivables turnover period | **59** | 50 |
| Trade and notes payables turnover period | **123** | 148 |

The inventory turnover period for the Year was roughly the same as that in 2022.

The trade and notes receivables turnover period increased for the Year as compared to that of 2022 due to the decrease in sales for the Year.

As affected by the COVID-19 pandemic, repayment schedules of certain accounts payables in 2022 were delayed. After the COVID-19 pandemic, the repayment schedules returned to normal. As a result, the trade and notes payables turnover days decreased for the Year as compared to that of 2022.

As at 31 December 2023, the current ratio, calculated as current assets (excluding assets held for disposal) over current liabilities, was 3.3 times (31 December 2022: 1.5 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 2023, 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 2023, the Company had 2,143,351,300 ordinary shares of HK$0.10 each in issue.

No shares of the Company were issued during the Year.

## GEARING RATIO

As at 31 December 2023, the total assets value of the Group was HK$2,149.5 million (31 December 2022: HK$2,053.9 million) and the bank borrowings was HK$33.0 million (31 December 2022: HK$240.2 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 1.5% (31 December 2022: 11.7%).

The Group reviews its gearing ratio on a regular basis. According to its capital plan for the future, the Group tries to maximise revenue for the Shareholders with capital risk awareness in mind. Capital structure is constantly being adjusted according 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 2023, the Group did not have any significant investment.

## CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

## EMPLOYEES

As at 31 December 2023, the Group had approximately 688 (2022: 1,088) 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$189.1 million (2022: HK$348.6 million) during the Year.

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

During the Year, with a view to enhancing the net asset value per share, the Company repurchased 55,174,000 shares of the Company on the Stock Exchange and the shares repurchased were cancelled during the Year. Details of the repurchase were as follows:

| **Month of repurchase** | **Number of shares repurchased** | **Price per share** | | **Aggregate price paid (inclusive of related expenses)** |
|---|---|---|---|---|
| | | **Highest** | **Lowest** | |
| | *'000* | *HK$* | *HK$* | *HK$'000* |
| August 2023 | 280 | 0.255 | 0.250 | 72 |
| September 2023 | 37,128 | 0.340 | 0.265 | 11,784 |
| October 2023 | 17,766 | 0.360 | 0.340 | 6,405 |
| | 55,174 | | | 18,261 |

Other than the shares repurchased by the Company as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

## 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. Liu Jun (the chief technical officer of the Group) and Mr. Yang Hanjie (the chief marketing officer of the Group's operational headquarters in the 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 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 2023 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 Mr. Liu Hing Hung, 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.*

26 March 2024

* *For identification purposes only*