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)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 2026 ("**1H-2026**") together with the comparative figures for the six months ended 30 June 2025 ("**1H-2025**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*3*	**190,759**	208,208
Cost of sales and services		**(156,533)**	(162,925)
Gross profit		**34,226**	45,283
Other income	*5*	**19,121**	17,663
Other gains and losses	*5*	**(23,646)**	(9,469)
Reversal of impairment losses under expected credit model, net		**567**	2,604
Research and development expenses		**(17,143)**	(27,850)
Selling and distribution costs		**(8,946)**	(7,456)
Administrative expenses		**(21,368)**	(19,843)
Share of results of associates		**726**	3,115
Finance costs		**(871)**	(271)
(Loss) profit before taxation		**(17,334)**	3,776
Taxation	*6*	**6,086**	1,933

	Notes	Six months ended 30 June **2026** ***HK$'000*** **(Unaudited)**	 2025 *HK$'000* (Unaudited)
(Loss) profit for the period	*7*	**(11,248)**	5,709
(Loss) profit for the period attributable to:			
Owners of the Company		**(11,027)**	8,807
Non-controlling interests		**(221)**	(3,098)
		(11,248)	5,709
(Loss) earnings per share (HK cents)			
Basic	*9*	**(0.5)**	0.4

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
(Loss) profit for the period	*7*	**(11,248)**	5,709
Other comprehensive (expense) income for the period:			
Items that will not be subsequently reclassified to profit or loss during the period:			
Surplus on transfer of right-of-use assets and property, plant and equipment to investment properties at fair value		**–**	20,206
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of deferred tax		**(7,649)**	(2,722)
Deferred tax relating to items that will not be reclassified to profit or loss		**1,912**	(4,104)
Exchange difference arising on translation to presentation currency		**45,417**	15,802
Other comprehensive income for the period		**39,680**	29,182
Total comprehensive income for the period		**28,432**	34,891
Total comprehensive (expense) income attributable to:			
Owners of the Company		**28,653**	37,989
Non-controlling interests		**(221)**	(3,098)
		28,432	34,891

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Non-current assets			
Investment properties		**539,845**	536,279
Property, plant and equipment		**17,566**	17,827
Right-of-use assets		**19,011**	14,356
Intangible assets		**109**	64
Interests in associates		**89,523**	85,377
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**25,055**	31,555
		691,109	685,458
Current assets			
Inventories		**100,112**	60,958
Trade and notes receivables	*10*	**86,534**	117,837
Other receivables, deposits and prepayments		**96,105**	90,887
Financial assets at fair value through profit or loss ("**FVTPL**")		**14,015**	249
Restricted bank deposits		**15,955**	15,342
Pledged bank deposits		**–**	11,071
Short-term bank deposits		**776,138**	509,697
Bank balances and cash		**181,677**	430,473
		1,270,536	1,236,514

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Current liabilities			
Trade payables	*11*	**89,589**	87,232
Contract liabilities		**110,005**	124,160
Deposits from tenants		**2,861**	2,986
Deferred income		**1,168**	1,124
Other payables and accruals		**69,041**	71,168
Bank borrowings		**32,973**	11,071
Lease liabilities		**2,377**	538
Tax payables		**89,634**	88,658
		397,648	386,937
Net current assets		**872,888**	849,577
Total assets less current liabilities		**1,563,997**	1,535,035
Capital and reserves			
Share capital		**211,905**	211,905
Reserves		**1,269,364**	1,240,711
Equity attributable to owners of the Company		**1,481,269**	1,452,616
Non-controlling interests		**(12,779)**	(12,558)
Total equity		**1,468,490**	1,440,058
Non-current liabilities			
Deposits from tenants		**7,020**	6,102
Lease liabilities		**2,094**	406
Deferred tax liabilities		**58,044**	62,019
Deferred income		**28,349**	26,450
		95,507	94,977
		1,563,997	1,535,035

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

SIM Technology Group Limited ("**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 original design manufacturer ("**ODM**") business for intelligent terminals ("**Intelligent terminal ODM business**"), and property management in the 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 and for the convenience of the shareholders.

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard ("**IAS**") 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 additional accounting policies resulting from application of amendments to IFRS Accounting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards 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 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards 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 2026 (unaudited)

	Intelligent terminal ODM business *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Types of goods or services			
Sale of intelligent terminal ODM	**173,069**	**–**	**173,069**
Property rental	**–**	**17,690**	**17,690**
Total	**173,069**	**17,690**	**190,759**
Revenue from contracts with customers and timing of revenue recognition			
A point in time	**173,069**	**N/A**	
Over time	**–**	**N/A**	
Total	**173,069**	**N/A**	

For the six months ended 30 June 2025 (unaudited)

	Intelligent terminal ODM business *HK$'000* (Re-presented)*	Property management *HK$'000*	Total *HK$'000*
Types of goods or services			
Sale of intelligent terminal ODM	187,215	–	187,215
Property rental	–	20,993	20,993
Total	12,907	20,993	208,208
Revenue from contracts with customers and timing of revenue recognition			
A point in time	187,215	N/A	
Over time	–	N/A	
Total	12,907	N/A	

* To cope with the Group's recent business restructuring and the declining scale of its automotive intelligent products operations, the Group consolidated the automotive intelligent products business into the intelligent terminal ODM business during the six months ended 30 June 2026. As a result, the Group's operating and reportable segments have been reorganized from three to two segments, namely (i) intelligent terminal ODM business and (ii) property management business. Comparative segment information for prior periods has been re-presented accordingly.

Geographical markets

The Group's revenues 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 2026 (unaudited)

	Intelligent terminal ODM business	**Property management**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
External sales	**173,069**	**17,690**	**190,759**
Segment loss	**(11,040)**	**(8,930)**	**(19,970)**
Other income and other gains and losses – unallocated			**10,965**
Share of results of associates			**726**
Corporate expenses			**(8,182)**
Finance costs			**(871)**
Loss before taxation			**(17,332)**

For the six months ended 30 June 2025 (unaudited)

	Intelligent terminal ODM business	Property management	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(Re-presented)		
Revenue			
External sales	187,215	20,993	208,208
Segment profit (loss)	(14,238)	(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

Segment result represents the financial result by each segment without allocation of interest income, dividend income, unallocated foreign exchange (loss) gain, 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 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited) (Re-presented)
Segment assets		
Intelligent terminal ODM business	**290,431**	269,833
Property management	**539,845**	536,279
Total reportable segment assets	**830,276**	806,112
Unallocated assets	**1,131,369**	1,115,860
Total assets	**1,961,645**	1,921,972
Segment liabilities		
Intelligent terminal ODM business	**255,150**	251,871
Property management	**9,598**	16,451
Total reportable segment liabilities	**264,748**	268,322
Unallocated liabilities	**228,407**	213,592
Total liabilities	**493,155**	481,914

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	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Refund of Value Added Tax ("**VAT**") *(Note i)*	**–**	54
Government grants *(Note ii)*	**1,715**	1,755
Bank interest income	**17,406**	15,080
Others	**–**	774
	19,121	17,663
Other gains and losses		
Gain (loss) on disposal of property, plant and equipment	**154**	(92)
Written-off other payables	**–**	2,155
Net foreign exchange (loss) gain	**(4,698)**	3,270
Changes in fair values of investment properties	**(17,593)**	(14,739)
Net loss arising on financial assets measured at FVTPL	**(1,509)**	(63)
	(23,646)	(9,469)

Notes:

(i) Shanghai Simcom Limited ("**Shanghai Simcom**"), 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$1,138,592 (six months ended 30 June 2025: HK$1,116,000) unconditional government grants received which was granted to encourage the Group's research and development activities in the PRC.

As at 30 June 2026, an amount of HK$29,517,000 (31 December 2025: HK$27,574,000) remained to be amortised and is included in other payables (for current portion) and deferred income (for non-current portion).

6. TAXATION

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Taxation comprises:		
PRC Enterprise Income Tax ("**EIT**")	**(876)**	(4,782)
Over provision in prior years	**2,564**	3,030
	1,688	(1,752)
Deferred tax credit	**4,398**	3,685
Taxation for the period	**6,086**	1,933

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 rates prevailing in the relevant districts of the PRC taking relevant tax incentives into account. Shanghai Simcom Limited is classified as New and High Technology Enterprise and are entitled to adopt a tax rate of 15%. The relevant annual tax rate used for EIT for the Group's subsidiaries ranged from 15% to 25% (six months ended 30 June 2025: 15% to 25%).

Deferred tax charge represented taxable temporary differences associated with revaluation of equity instrument at FVTOCI and revaluation of investment properties and the deductible temporary differences that were previously recognised associated with write-down of inventories, trade receivables and impairment of property, plant and equipment. The directors considered the deductible temporary differences that were previously recognised to the extent that the amounts are no longer probable to be recovered and were reversed for both periods.

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of right-of-use assets	**1,177**	755
Cost of inventories recognised as an expense (included in cost of sales and services)	**153,540**	162,925

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss) profit		
(Loss) profit for the purposes of basic (loss) earnings per share	**(11,027)**	8,807

	Six months ended 30 June	
	2026	2025
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,119,047**	2,143,351

10. TRADE AND NOTES RECEIVABLES

The normal credit period given on sale of goods and services relating to intelligent terminal ODM business is 0 – 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition.

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:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables		
0 – 30 days	**33,529**	60,239
31 – 60 days	**1,773**	4,562
61 – 90 days	**234**	4,911
91 – 180 days	**–**	3,673
Over 180 days	**26,074**	25,226
	61,610	98,611
Less: Allowance for credit losses	**(27,298)**	(26,250)
	34,312	72,361
Notes receivables *(Note)*		
0 – 30 days	**52,222**	9,663
31 – 60 days	**–**	27,136
61 – 90 days	**–**	8,677
91 – 180 days	**–**	–
	52,222	45,476
Trade and notes receivables	**86,534**	117,837

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

11. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 30 – 90 days

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

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
0 – 30 days	**72,387**	72,489
31 – 60 days	**3,747**	2,809
61 – 90 days	**196**	–
Over 90 days	**13,259**	11,934
Trade payables	**89,589**	87,232

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to the shareholders of the Company ("**Shareholders**") for 1H-2026.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover of the Group for 1H-2026 was HK$190.8 million, representing a decrease of 8.4% as compared with the turnover of HK$208.2 million for the same period last year. Gross profit amounted to HK$34.2 million, representing a decrease of 24.4% as compared with the gross profit of HK$45.3 million for the same period last year. An impairment of HK$17.6 million was recognised on investment properties during the period, resulting in a loss attributable to owners of the Company of HK$11.0 million in 1H-2026 (a profit attributable to owners of the Company of HK$8.8 million was recorded in the same period last year).

The year-on-year decline in turnover was attributable to two main factors: first, the Group still had the final order delivery in the automotive intelligent products business in the same period last year, while operation of that business was ceased this year; and second, revenue from the property leasing business decreased. As for the core operation of the ODM business for intelligent terminals had stable performance, with turnover remaining largely the same as the same period last year.

The significant year-on-year decline in gross profit is primarily due to a severe global shortage of memory chips during the period, which caused an exponential rise in prices, and thus an increase in cost of materials in general.

The Group began to deploy its robotics business last year and it was still in the investment phase. In accordance with the principle of prudence, the Group had not capitalized the related costs; all preliminary R&D and marketing development expenses were instead recognised in profit and loss in the current period.

Affected by market conditions in the property leasing market, both property rental income and expected income have declined. Consequently, further impairment were recognised on two investment properties during the reporting period, which was one of the main reasons for the loss incurred in the current period.

ODM business for intelligent terminals

This business generated a turnover of HK$173.1 million in 1H-2026, remaining largely stable as compared with the turnover of HK$174.3 million for the same period last year. Gross profit amounted to HK$19.2 million as compared with HK$24.7 million for the corresponding period last year, reflecting a significant decline in gross profit margin and resulted in a business loss of HK$11.0 million during 1H-2026.

With relatively stable turnover, results of the business turned from profit to loss, which was due firstly to the multifold increase in prices of memory chips during the period, which significantly increase product costs. Moreover, the intensified end-user market under an oversupply situation restrained the Group from passing the cost burden to customers to the full extent, resulting in a significant decline in gross profit margin compared with the same period last year. Secondly, the robotics business was still in the investment phase and has not yet commenced mass production and shipment, the associated expenditure had impact on the profit and loss for the period to a certain extent. The management believes that, despite the inevitable impact on profits caused by the investment in the robotics business in a short term, such costs were necessary for the Group as it seeks to venture into a new business sector for long term development. The robotics sector, characterised by rapid technological iteration and limited market window, makes it an urgent case for strategic deployment. At the current stage, the Group has set up preliminary R&D and supporting production infrastructure, secured a portfolio comprising a number of key clients, and achieved small-batch delivery of prototypes for the first project.

The management has also identified the challenges faced by this business. First, the limited scale of operation at the current stage with a severe lack of orders as a whole is unable to cover the team's operating costs. Strengthening its sales capabilities, actively exploring new business opportunities and expanding its order book are essential to fundamentally improving operating performance. Second is on improvement in internal management and cost control, such as refining the management of R&D staff working hours, and digitalisation and intelligentisation of operation and delivery processes.

Property management

This business recorded turnover of HK$17.7 million in 1H-2026, representing a decrease of 15.7% compared with HK$21.0 million for the same period last year. A segmental loss of HK$8.9 million was reported for the period (compared with a loss of HK$2.0 million for the corresponding period last year) due to the impairment of investment properties.

The total lettable area of the Group amounts to approximately 78,000 square meters, including approximately 24,000 square meters attributable to Block A and Block B of SIM Technology Building in Shanghai, and approximately 54,000 square meters attributable to the properties in Shenyang region. The overall rental performance of properties in Shanghai is relatively stable while improvement in the vacancy rate problem of properties in Shenyang region would be less likely due to local economic environment.

At the end of the reporting period, the valuer conducted valuation of the properties of the Group in the two locations based on forecasts of the property leasing market and the actual circumstances of existing tenancies. Affected by sustained downturn in the overall property leasing market, impairment losses on property have been a main reason for the significant losses incurred from the business in recent years.

Although the trend in the property leasing market is unlikely to be reversed due to the impact imposed by broader economic conditions, the Group will continue to actively market for tenancy, improve utilization of the vacant buildings and factory premises, and steadily develop its property leasing business.

Prospects

In the second half of 2026, the rise in the price of memory chips has led to an increase in the prices of various materials such as printed circuit boards and batteries. Together with increasingly fierce price competition within the industry, it is foreseeable that the Group's core business will face greater challenges.

Adhering to the principle of "increasing revenue and reducing expenditure", the Group will upgrade traditional intelligent terminals with AI enabled hardware for the purpose of enhancing product competitiveness. It will strengthen its sales force, fully explore business opportunities in its sub-sectors, and consolidate its existing terminal business. On the other hand, the Group will accelerate robotics team expansion, strengthen R&D capabilities development and establishment of a scalable delivery system. The Group is committed to capitalizing new business opportunities and transforming them into new growth drivers.

FINANCIAL REVIEW

For 1H-2026, revenue of the Group was HK$190.8 million (1H-2025: HK$208.2 million), in which the revenue from ODM business for intelligent terminals and automotive intelligent product business (together, "**Core Business**") decreased by 7.6% to HK$173.1 million (1H-2025: HK$187.2 million) as compared with that of 1H-2025. In 1H-2026, revenue from property management ("**Non-core Business**") decreased by 15.7% to HK$17.7 million (1H-2025: HK$21.0 million) as compared with that for 1H-2025.

Gross profit from the Core Business of the Group for 1H-2026 was HK$19.2 million (1H-2025: HK$26.8 million). The gross profit margin for the Core Business was 11.1% (1H-2025: 14.3%) and the gross profit margin for the Non-core Business decreased to 85.0% (1H-2025: 88.1%). The overall gross profit margin of the Group for 1H-2026 decreased to 17.9% (1H-2025: 21.8%).

The Group recorded a loss attributable to owners of the Company of HK$11.0 million (1H-2025: profit attributable to owners of the Company of HK$8.8 million). The basic loss per share for 1H-2026 was HK0.5 cent (1H-2025: basic earnings per share HK0.4 cent). The ODM business for intelligent terminals, serving as the core operation of the Group, had a relatively stable performance, with turnover remaining largely unchanged from the same period last year. However, due to the discontinuance of its automotive intelligent products business following the completion of the final order delivery in the first half of 2025, and a decrease in revenue from the leasing business as a result of soft market conditions in the property leasing market, overall turnover of the Group for 1H-2026 declined as compared with the same period of last year.

A severe global shortage of memory chips during 1H-2026 caused an increase in cost of materials in general, and an intensified end-user market restrained the Group from passing the cost burden to customers to the full extent, resulting in a significant year-on-year decline in the gross profit margin of its main businesses. The Group began its expansion into the robotics business last year. As the business has not yet entered the stage of bulk shipment during the reporting period, while the Group had to continue its investment in R&D and market expansion, the associated expenditure had impact on the profit and loss for the period to a certain extent.

The rise in cost of materials and increase in R&D expenditure, together with ongoing impairment on investment properties, resulted in a loss for 1H-2026.

Results of Core Business

	Six months ended 30 June 2026			Six months ended 30 June 2025		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	HK$'M	***HK$'M***	***%***	*HK$'M*	*HK$'M*	*%*
ODM business for intelligent terminals	**173.1**	**19.2**	**11.1**	174.3	24.7	14.2
Automotive intelligent products business	**–**	**–**	**–**	12.9	2.1	16.6
Total	**173.1**	**19.2**	**11.1**	187.2	26.8	14.3

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2026, the Group had bank balances and cash of HK$181.7 million (31 December 2025: HK$430.5 million), of which 34.5% was held in US dollars, 13.0% in Japanese dollars, 47.2% in Renminbi and the remaining balance in Hong Kong dollars, and short-term bank deposits of HK$776.1 million (31 December 2025: HK$509.7 million), among which 63.7% was held in US dollars and 36.3% 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$33.0 million as at 30 June 2026 (31 December 2025: HK$11.1 million), all of which were denominated in RMB. Such borrowings were at floating interest rates and repayable within one year.

Operating efficiency

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

	30 June 2026 Days	31 December 2025 Days
Inventory turnover period	**94**	65
Trade and notes receivables turnover period	**97**	105
Trade payables turnover period	**140**	138

In 1H-2026, in view of the sustained rise in material prices within the industry, the Group implemented the strategy of procuring materials in advance and increasing backup inventory of key materials to mitigate the risk of fluctuations in raw material supply, lock in procurement costs and ensure the stable delivery of customer orders. The materials procured under this strategy were received and held in stock during the period, but production and external sales had not yet been completed. Consequently, the inventory turnover period for 1H-2026 increased as compared with the year of 2025.

In 1H-2026, the Group continued to implement a relatively prudent customer credit management policy to optimise its accounts receivable collection mechanism, strengthen customer credit assessments and follow-up on payment collections, and impose strict control on the scale of credit sales. Therefore, the turnover period for trade receivables and notes receivable in 1H-2026 decreased slightly as compared with the year of 2025.

The trade payables turnover period remained relatively stable in 1H-2026 and the year of 2025.

As at 30 June 2026, the current ratio, calculated as current assets over current liabilities, was 3.2 times (31 December 2025: 3.2 times).

The Group reckons that inventory turnover period, trade and notes receivables turnover period, and trade payables turnover period help the Group understand 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 meet 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-2026, 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 2026, the Company had 2,119,047,300 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-2026.

GEARING RATIO

As at 30 June 2026, the total assets of the Group were HK$1,962.0 million (31 December 2025: HK$1,922.0 million) and bank borrowings were HK$33.0 million (31 December 2025: HK$11.1 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 1.7% (31 December 2025: 0.6%).

By 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, ASSOCIATES OR JOINT VENTURES

During 1H-2026, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During 1H-2026, the Group did not have any future plans for material investments or capital assets.

SIGNIFICANT INVESTMENT

As at 30 June 2026, the Group did not have any significant investment.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any material contingent liabilities.

EMPLOYEES

As at 30 June 2026, the Group had approximately 602 (31 December 2025: 737) 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 also offers discretionary bonuses and may grant share options and share awards to its employees under the respective share option scheme and share award scheme adopted or to be adopted by the Company from time to time by reference to individual performance and the performance of the Group. Total staff costs incurred by the Group amounted to HK$42.8 million in 1H-2026 (1H-2025: HK$46.1 million).

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 for staff, internal promotion system, key employees development programme, succession plans for key positions and leadership development programme.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the human resources department. The Group seeks to provide remuneration packages on the basis of the merit, qualifications and competence of the employees. The emoluments of the Directors and senior management of the Company are reviewed by the remuneration committee of the Board, having regard to factors including the Group's operating results, responsibilities of the Directors and senior management and comparable market statistics. The Company had adopted a share option scheme on 1 June 2016 and was expired on 1 June 2026, the primary purpose of which was to motivate the eligible persons referred therein, which included executive Directors and employees of the Group, to optimise their future contributions to the Group and to reward them for their efforts.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During 1H-2026, 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-2026.

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 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 the PRC) and Mr. Yang Feng (the General Manager of the ODM Division 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 as set out in Part 2 of Appendix C1 to the Listing Rules during 1H-2026.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") as its own code of conduct for dealing in securities of the Company by the Directors. 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-2026.

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-2026. In addition, the unaudited condensed consolidated interim financial information of the Group for 1H-2026 has been reviewed but not audited 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 2026 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.

21 August 2026

* *For identification purposes only*