

## Words from President

### 總裁的話



Wong Cho Tung, President  
王祖同先生, 總裁

#### RESULTS

I am delighted to present the annual report of the Group for the year ended 31 December 2005. The Group's turnover and net profit were approximately HK\$2,719.6 million and approximately HK\$290.7 million, representing increases of 73.55% and 86.88% respectively, when compared to the corresponding period of 2004. Earnings per share for the year was HK22.1 cents, representing an increase of 59.8% when compared to that of last year.

#### 業績

本人欣然提呈本集團的年報，載述本集團截至二零零五年十二月三十一日止年度的業績。本集團的營業額及純利分別為約2,719,600,000港元和約290,700,000港元，與二零零四年同期相比分別增長73.55%和86.88%。本年度每股盈利為22.1港仙，較去年同期增長59.8%。

## PROPOSED FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of HK14 cents per share to shareholders whose names appear on the Register of Members of the Company on 21 April 2006. The Register of Members will be closed from 18 April 2006 to 21 April 2006, both days inclusive, and the proposed final dividend will be paid on or about 28 April 2006. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 21 April 2006.

## THE WIRELESS MARKET

The outlook of the mobile handset industry for 2006 is favourable. As development of several new technologies become more mature, it is believed that the market has been set for their launch, thereby leading to further growth in the industry. These technologies include firstly, the 3G technology; secondly, mobile handset with TV function, which provides digital multimedia broadcasting such as news, TV program, sports games and internet games and; thirdly, the incorporation of WiFi technology into existing mobile handsets to develop a kind of dual modes mobile handsets. With the incorporation of WiFi, mobile users will be switched to GPRS/EDGE communication mode when they are moving or when there is no coverage of WiFi network, and when the users stop moving and accessed the WiFi coverage, the mobile handset will switch to WiFi network that provides faster speed and cheaper cost. It also provides the function of high speed internet connection or VOIP network telephone. It is believed that demands for new handsets will further increase with the introduction of these technologies.

To maintain and strengthen our leading position in the industry, the Group has invested a substantial amount in its research and development resources to the R&D of these new technologies and development of new products. The Group is determined to become a major supplier of products with these new technologies when these technologies are formally put to commercialisation.

## 建議末期股息

董事會已建議向於二零零六年四月二十一日名列本公司股東名冊的股東支付每股14港仙之末期股息。本公司將於二零零六年四月十八日至二零零六年四月二十一日暫停辦理股份過戶登記(首尾兩日包括在內)，而建議末期股息將於二零零六年四月二十八日或前後支付。股息支付須經股東於即將於二零零六年四月二十一日召開之應屆股東週年大會批准，方可作實。

## 無線市場

2006年手機行業的前景令人鼓舞。隨着幾項新技術更加成熟，而且市場據認為已經準備好，因此這些新技術引導着該行業的未來增長。這些技術包括：第一是3G；第二是電視手機，主要是數碼移動多媒體廣播，如用手机收看廣播新聞、電視劇集、球賽、網上遊戲；第三是將WiFi加入現有的移動手機，變成雙模手機，這樣手機用戶就可以在移動時，或者沒有WiFi網絡覆蓋的情況下，使用GPRS/EDGE通信，而一旦停下來進入WiFi網絡覆蓋範圍，用戶可切換到更加高速、低廉的WiFi服務，高速上網或打VOIP網絡電話；據認為，隨着這些技術的引進，對新的手機的需求將進一步增加。

為維持及加強我們在行業內的領導地位，集團已將大部分的研發資源投入到新技術，新產品的開發中。在下一代新產品的競賽中，集團決心在這些新技術正式商業化時，就成為一家主要的具備這些新技術的產品的供應商。



## BUSINESS REVIEW

### SOLID FOUNDATIONS LAID

In 2005, the Group continued to expand its business and invested in business foundation development that includes the following:

#### 1) Building new wireless technology partnerships

In addition to our existing partnership with ADI/TPPCom, the Company invested and cultivated new core technology partnerships in 2005, including, Mediatek (GSM/Multi-media Chip Set), Cambridge Positioning Systems Limited (Enhanced GPS and Matrix Positioning Systems for 2G and 3G Technologies), Da Tang TD-SCDMA (China 3G technology) to strengthen and support our future product development.

#### 2) Expanding customer base

In 2005, we have successfully strengthened our relationships with leading Chinese handset companies including Ningbo Bird, Lenovo, and TCL. At the same time, we laid ground work for our European market development with a total of 4 mobile handset and wireless module solutions qualified by a leading European wireless operator. This diversified customer base enhanced the growth of the revenue stream throughout the year and at the same time provided a strong customer base to support the future business growth of the Group.

#### 3) Enriching product portfolio

In 2005, our customers successfully launched 152 handset models with different styles and functions. In order to satisfy the customers' demand for handset personalisation, our industrial design team has launched new casing designs from the traditional clam shell (flip) phone to bar phones, slide phones, semi-flip phones and slim phones. Our handset solutions also continued to stimulate market demand through introducing leading edge handset application features. In early 2005, we launched handset solutions with 1.3M pixel camera and MP3 function and in the third quarter of 2005 we introduced MPEG4 features into our solutions and by the end of 2005 we started promoting PDA-lite handset solution with touch screen, hand written recognition and 2.0M pixel camera. For the European market we have launched the 2.75G EDGE solution in the second half of 2005.

## 業務回顧

### 奠定穩固基礎

於二零零五年度，本集團繼續擴充業務，並投資於業務基礎開發包括以下各項：

#### 1) 建立全新無線技術夥伴關係

除了我們與ADI/TPPCom現有的夥伴關係，本公司於二零零五年更投資並培育了全新核心技術夥伴關係，包括：Mediatek (GSM/多媒體芯片組)、Cambridge Positioning Systems Limited (2G及3G技術所應用的已改善全球定位系統及Matrix Positioning Systems)、大唐移動TD-SCDMA (中國的3G技術) 以協助鞏固及支持本集團之未來產品開發。

#### 2) 擴大顧客基礎

於二零零五年，本集團成功強化了與中國領先的手機企業如寧波波導、聯想及TCL等的關係。同時，本集團亦奠定了拓展歐洲市場的基礎，總共有四套無線手機及模塊解決方案獲得歐洲某領先無線營運商之認可。本年內，該多元化顧客基礎促進了收益流之增長及穩定性，同時亦為未來業務增長提供了良好的顧客基礎支持。

#### 3) 豐富產品組合

於二零零五年，本集團之客戶成功推出一百五十二種具有不同風格及功能的手機型號。為滿足顧客對手機個性化的需求，本集團的工業設計團隊推出了具備各種型號的全新外殼設計，從傳統的揭蓋式手機，發展到棒形，滑動形，半揭蓋形及纖薄型等規格。本集團的手機解決方案透過領先手機功能不斷刺激市場需求，二零零五年初本集團推出了具有MP3及130萬像素數碼相機的手機，第三季又推出了具有MP3及MPEG4功能的手機，年底又著手推廣具有手寫識別，觸感屏幕且裝備200萬像素數碼相機的PDA手機解決方案。二零零五年下半年，本集團針對歐洲市場推出了2.75G EDGE之解決方案。

## THE “SUNRISE PEOPLE” CULTURE

All the above could not have been achieved without the full dedication and hard work of our employees – the “Sunrise People”. While design service is our core business, our people is our most valuable asset. The Group originated from Sunrise Technology Limited which was established in 1986 and S.I.M. is an abbreviation for “Sunrise”, “Information” and “Mobile”.

Through years of business operation, a strong “Sunrise People” culture has been developed within the organisation. Hard work, full dedication and commitment are norms for the “Sunrise People”. In turn the Company rewarded its people well for their performance. During the year, the management and staff turnover level was kept below 6%.

The Group will continue to attract talents from the market with its well-established reputation and exciting career challenges.

## FINANCE AND INVESTMENT

Maintaining a strong and sustainable financial performance has always been our business goal. In 2005, we continued to run the business with strong cash flow, with net cash generated from operation amounting to approximately HK\$217.2 million. It is our intention to drive healthy business growth whilst maintaining a “net cash” from operation at the same time.

The management is sensitive to gross profit margin (“GP%”) fluctuation in the handset industry and we always work hard to maintain a steady GP% model through continuously developing new technology and offering new services and new products. In 2005, we were able to keep the GP% at 16.28% while the overall turnover of the Group and net profit grew at 73.55% and 86.88% respectively.

The inventory turnover improved by 18.57% compared to 2004 and was running at 57 days of inventory at the year end. Again, our goal is to achieve continuous improvements and create best value and return on the inventory that we planned and invested to serve our customers’ needs.

## 「晨興人」文化

我們能達致以上成就，全賴我們僱員（「晨興人」）的全情投入和辛勤工作。由於設計服務乃我們的核心業務，我們視人才為本集團的最重要資產。本集團的前身為一九八六年成立的晨興電子工業有限公司。S.I.M. 為「晨興」(Sunrise)、「資訊」(Information)及「移動」(Mobile)的縮寫。經過多年業務經營，機構內已形成了強大的「晨興人」文化。辛勤、全情投入及承擔精神是晨興人的規範。另一方面，本公司亦因應旗下員工的表現給予積極獎勵。於本年度，管理層及員工的流失率均低於6%水平。

本集團將繼續透過其已建立聲譽和集團內充滿挑戰的事業機會從市場吸納人才。

## 財務及投資

保持強勁及持續增長之財務表現，乃一直為本集團長期業務目標。於二零零五年度，本集團業務持續經營，現金流量充沛，經營產生之現金約達217,200,000港元，而本集團亦計劃促進業務持續增長，並同時保持營運產生之「淨現金」流入。

管理層對於手機行業邊際毛利率（「GP%」）之波動十分敏感，且本集團始終透過不斷投放新技術，新服務和新產品，藉此維持一個穩定的GP%模型。於二零零五年，本集團就盡力將GP%維持於16.28%，而整體營業額及純利分別增長73.55%及86.88%。

本年度存貨週轉率較二零零四年改善18.57%，而於年底存貨週轉日數為57日。本集團之目標一直為驅使持續發展，務求滿足客戶的需求之同時並創造最大價值和回報。

## BUSINESS OUTLOOK

### 1) International business expansion

In 2005, the Company has established an international team of sales, marketing and field engineering staff to develop and launch four wireless solutions in Europe. In our new technology roadmap we have invested in ultra low cost handset solution for developing countries, EDGE/WiFi dual mode handset solution for high end market and of course the 3G WCDMA/HSDPA modem for PCMCIA application. All the above are aimed at expanding our business in the international market place in future. The first pilot run order of ultra low cost handset solution of 40,000 units has been received from our Brazil's customer recently.

### 2) "Speedcomm" – Second R&D company launched

In the past few years, the Group's business has been growing at a very fast pace. Our R&D organisation has also grown over 50% a year in size in term of number of R&D engineers, in order to maintain high productivity and create technology specialty within the Group. At the end of 2005, our second R&D company, Shanghai Speedcomm Technology Limited ("Speedcomm") was incorporated in Shanghai with Mr Fan Li Ming as the General Manager. The engineering team of Speedcomm comprised of experienced engineers of the Group as well as newly recruited engineers. Each of Shanghai Simcom Limited ("Shanghai Simcom") and Speedcomm will host different technology platforms and develop various competitive solutions to enhance our product portfolio.

### 3) China TD-SCDMA 3G technology

In April 2005, we started working with Da Tang on developing the latest China 3G TD-SCDMA handset solutions. The Company and Da Tang will set up a joint laboratory in our Shanghai Simcom R&D building and we aim to release the first commercial TD-SCDMA/GSM dual mode handsets solution in year 2006.

## 業務展望

### 1) 國際業務拓展

於二零零五年，本公司建立了一支國際銷售、推廣及技術支持工程師團隊，開發了並於歐洲推出四套無線解決方案。本集團新產品技術規劃，包括投資於面向發展中國家市場的極廉價手機，針對高端市場之EDGE/WiFi雙模手機解決方案及針對PCMCIA功能的3G WCDMA/HSDPA調諧器。上述規劃均旨在擴大本集團未來於國際市場之業務，並擴闊環球客戶基礎。本公司極廉價手機解決方案近期已從本公司之巴西客戶接獲40,000套之首批試訂單。

### 2) 「思必得」— 第二間研發公司啟動

於過去數年，本集團業務快速增長。本集團的研發組織規模，以研發工程師數量計，也以逾50%的年速度增長以便維持高生產率並於集團內創造技術專長。二零零五年年底，我們的第二間研發公司上海思必得通訊技術有限公司（「思必得」）於上海註冊成立，范立明先生擔任總經理。思必得之工程師團隊部份由來自本集團經驗豐富之工程師及新近聘請的工程師組成。希姆通信息技術(上海)有限公司（「上海希姆通」）及思必得將基於不同的技術平台開發具有各類具競爭力的解決方案以提升本公司的產品組合。

### 3) 中國TD-SCDMA 3G技術

於二零零五年四月，本集團與大唐移動合作開發中國最新的3G TD-SCDMA手機解決方案。本公司將與大唐移動於上海希姆通研發大樓內設立一個聯合實驗室，目標是於二零零六年內推出首個商用TD-SCDMA/GSM雙模手機解決方案。

#### 4) Expanding service portfolio

Besides functioning as a design solution company, the Group has been innovative on creating various service models to cope with various customers' needs. Through different partnerships, we have been providing design and material bundling service, ODM type of design and manufacturing services, and recently through a three party agreement with our EMS and channel distributor partners. We are offering a unique "one-stop-shop" handset design, manufacturing and distribution services in China to help global handset brand owners to penetrate the China market.

### PROSPECTS

The management believes the total global mobile handset demand will maintain steady growth in the coming years. In new technologies like 2.75G EDGE/WiFi, 3G WCDMA/HSDPA & TD-SCDMA, the management believes the growth will be significant. Together with our continuous expansion of customer bases to Europe to Latin America, the management is optimistic about our business future.

With all the exciting opportunities ahead of us, I am fully confident that with our healthy financial position, solid business foundation and efficient and loyal management and staff, we will continuously excel in the markets where we serve with our core business and thereby maximize the value for our shareholders.

#### Wong Cho Tung

President

Hong Kong, 16 March 2006

#### 4) 擴大服務組合

除了作為一個設計解決方案公司，本集團在創造各種服務模式以滿足各類客戶需求方面一直甚具創意。透過各種夥伴關係，我們現正提供設計及材料組合服務、委託設計製造型之設計及製造服務，而近期我們還與EMS及分銷商夥伴建立三方合作關係。我們於中國提供獨特的「一站式」手機設計、生產及分銷服務，協助環球手機品牌擁有者進軍中國市場。

### 前景

管理層相信未來數年全球手機需求將持續穩定增長。諸如2.75G EDGE/WiFi、3G WCDMA/HSDPA 及TD-SCDMA等新技術領域，增長將尤為顯著。加上我們繼續將客戶基礎從中國擴展至歐洲及拉丁美洲，管理層對我們的業務前景抱樂觀態度。

前路充滿令人振奮的機遇，本人充滿信心，憑藉穩健的財務狀況，堅實的業務根基以及高效和忠誠的管理層及員工，本集團核心業務將於所在營業地區持續獲得佳績，為我們的股東實現利益之最大化。

#### 王祖同

總裁

香港，二零零六年三月十六日