

Ready for the Game



The Group are now on the leading position in the research and development of several new technologies such as 3G, FMC/WiFi, mobile handset with TV function and GPS.

本集團在幾項新技術之研究及開發如3G、FMC/WiFi、電視手機及定位導航(GPS)手機處於領先地位。



FINANCIAL REVIEW

Financial results

For the year ended 31 December 2006, the Group's revenue increased by 25.71% to HK\$3,418.9 million (2005: HK\$2,719.6 million) as compared with that of the year 2005. The increase was due to the strong growth in the sales of handset design solutions (full handsets and in SKD/CKD form) and wireless communication module solutions, despite the decrease in the revenue of the sales of LCD modules.

Driven by the Group's marketing and operating strategies to gain market share and maximise the profit of the Group, the gross profit of the Group increased by 13.83% to HK\$504.0 million (2005: HK\$442.7 million) for the year 2006 as compared with that of 2005. The gross profit margin of the Group dropped to 14.74% (2005: 16.28%).

財務回顧

財務業績

截至二零零六年十二月三十一日止年度，本集團收入達3,418,900,000港元（二零零五年：2,719,600,000港元），較二零零五年增長25.71%。此項增長乃由於手機設計解決方案（整機及形式為半製成組裝套件／組裝零件）以及無線通訊模塊解決方案的銷售增幅強勁所致，惟由於液晶顯示模塊的銷售額下降而有所抵銷。

在本集團為取得市場佔有率並將溢利最大化而採取的市場推廣及經營策略的推動下，本集團二零零六年的毛利為504,000,000港元（二零零五年：442,700,000港元），較二零零五年上升13.83%。本集團的邊際毛利率下降至14.74%（二零零五年：16.28%）。



二零零六年經營開支淨額佔營業額的百分比下降至3.83% (二零零五年：5.43%)，純利率則維持於10.91% (二零零五年：10.69%)。於二零零六年度，本集團錄得本公司股東應佔溢利372,900,000港元 (二零零五年：290,700,000港元)，比二零零五年增長28.28%。二零零六年每股基本盈利按年計增長12.22%至24.8港仙 (二零零五年：22.1港仙)。

研究及開發費用

於二零零六年，本集團繼續投資於移動手機設計解決方案的開發。二零零六年設計及開發隊成員增至638人 (二零零五年：580人)。研究及開發費用為76,000,000港元 (二零零五年：79,600,000港元)，佔本集團整體收入的百分比下降至2.22% (二零零五年：2.93%)。

The net operating expenses for the year 2006 decreased to 3.83% (2005: 5.43%) of the revenue and the net profit margin was maintained at 10.91% (2005: 10.69%). The Group achieved a profit attributable to equity holders of the Company of HK\$372.9 million (2005: HK\$290.7 million) for the year 2006, representing a growth of 28.28% as compared with that of 2005. The basic earnings per share for the year 2006 increased by 12.22% year-on-year to HK24.8 cents (2005: HK22.1 cents).

Research and development expenses

In 2006, the Group continued to invest in the development of mobile handset design solutions. The number of design and development team members increased to 638 (2005: 580) in 2006. The research and development expenses, which amounted to HK\$76 million (2005: HK\$79.6 million) and reduced to 2.22% (2005: 2.93%) of the Group's revenue.





Selling and distribution costs

In 2006, the selling and distribution costs increased by 17.5% to HK\$50 million (2005: HK\$42.6 million) resulting from the Group's expanded operations. The ratio of the selling and distribution costs over revenue improved to 1.46% (2005: 1.57%).

Administrative expenses

In 2006, the Group's administrative expenses was HK\$77.1 million (2005: HK\$74.8 million) and the ratio over revenue was improved to 2.26% (2005: 2.75%). The increase was mainly due to the granting of the post initial public offering share options and additional share-based payment which was recognised as expense during 2006.

銷售及分銷成本

於二零零六年，銷售及分銷成本上升17.5%至50,000,000港元(二零零五年：42,600,000港元)，乃因本集團業務擴充所致。銷售及分銷成本佔收入的百分比改善至1.46%(二零零五年：1.57%)。

行政開支

於二零零六年，本集團的行政開支為77,100,000港元(二零零五年：74,800,000港元)，佔收入的百分比改善至2.26%(二零零五年：2.75%)。增加的原因主要是授出首次公開發售後購股權以及額外以股份為基礎的付款於二零零六年內確認為開支。



Segment results

分類業績

		Year 2006 二零零六年				Year 2005 二零零五年			
		Revenue	Units shipped	Gross profit	Gross profit margin	Revenue	Units shipped	Gross profit	Gross profit margin
		收入	付運量	毛利	毛利率	收入	付運量	毛利	毛利率
		HK\$'M	'000	HK\$'M	%	HK\$'M	'000	HK\$'M	%
		百萬港元	千件	百萬港元		百萬港元	千件	百萬港元	
Sale of handset design solutions (in SKD/CKD form)	銷售手機設計解決方案 (形式為半製成組裝 套件/組裝零件)	2,161.8	7,449	320.6	14.83%	1,484.4	4,245	283.5	19.10%
Sale of complete mobile handsets	銷售完整移動手機	16.5	20	3.0	18.18%	261.4	325	51.4	19.67%
Sales of LCD modules and others	銷售液晶顯示模塊及其他	690.4	5,634	52.2	7.56%	752.3	4,443	70.9	9.43%
Sale of wireless communication module solutions	銷售無線通訊模塊 解決方案	550.2	2,572	128.2	23.30%	221.5	992	36.9	16.67%
		3,418.9	15,675	504.0	14.74%	2,719.6	10,005	442.7	16.28%





Complete mobile handsets and handset design solutions (in SKD/CKD form)

Capitalising on the continuous increasing demands in the China mobile handsets market, the revenue for the complete mobile handsets and handset design solutions (in SKD/CKD form) for the year 2006 increased by 24.77% to HK\$2,178.3 million (2005: HK\$1,745.8 million) as compared with that of 2005. The Group launched 269 handset models and 29 handset platforms in 2006. On the other hand, under the pricing pressure in 2006 in the handsets industry, the gross profit ratio in 2006 dropped to 14.85% (2005: 19.18%).

LCD modules and others

In 2006, the sales quantity in this segment increased by 26.81% year-on-year to 5.6 million units. The Group changed the product mix from flip phone dual display to bar phone single display. Due to pricing pressure, the average selling price of the LCD modules dropped by 27.22% as compared with that of 2005. As a result, the revenue for this segment decreased 8.23% to HK\$690.4 million (2005: HK\$752.3 million).

完整移動手機及手機設計解決方案(形式為半製成組裝套件/組裝零件)

得益於中國的移動手機市場需求持續增長，二零零六年度完整移動手機及手機設計解決方案(形式為半製成組裝套件/組裝零件)的收入，較二零零五年增加24.77%至2,178,300,000港元(二零零五年：1,745,800,000港元)。本集團於二零零六年推出269種手機型號和29個手機平台。另一方面，在全球營運商主導的手機行業價格壓力下，二零零六年毛利率下降至14.85%(二零零五年：19.18%)。



液晶顯示模塊及其他

於二零零六年度，該業務分類的銷量按年計增長26.81%至5,600,000件。本集團將產品組合由揭蓋式手機的雙顯示屏變為直板手機的單顯示屏，由於價格壓力，液晶顯示模塊的平均售價較去年下跌27.22%。故此，本銷售分部的收入減少8.23%至690,400,000港元(二零零五年：752,300,000港元)。

Position for Global



We have been engaging with 13 global operators on various customers handset solution project in 2006.

於2006年，我們一直與13家全球營運商在各種各樣的自訂手機解決方案項目上進行協商。



Wireless communication module solutions

Driven by the significant growth in the wireless communication demands in the rural areas of China and the success in cost reduction, the Group recorded an impressive result for the sales of wireless communication module solutions in 2006. The revenue and sales quantity increased substantially by 148.4% and 159.27% respectively as compared with that of 2005. Under the Group' cost control program, the gross profit ratio greatly improved to 23.3% (2005: 16.67%) and the gross profit increased significantly by 247.43% as compared to that of 2005.

USE OF PROCEEDS OF THE GLOBAL OFFERING

The Company issued 375 million shares at HK\$1.7 per share in its global public offering in June 2005. The net proceeds after deducting the relevant expenses was approximately HK\$598.2 million.

During the year 2006, The Group utilised the above said proceeds of HK\$37.8 million for the development of the latest mobile handset design solutions; HK\$77.1 million for the development of the new chipset technology platforms; HK\$42.5 million for the operation of the new LCD panel back-end production and assembly line; and HK\$13.3 million for the establishment of the new design and development centre.

無線通訊模塊解決方案

在中國農村地區無線通訊需求顯著增長的推動下，加上在擴大銷售規模下成功削減成本，本集團無線通訊模塊解決方案的銷售於二零零六年錄得可觀業績。收入及銷量比二零零五年分別大幅上升148.4%及159.27%。在本集團的成本控制計劃下，毛利率大幅上升至23.3%（二零零五年：16.67%），毛利較二零零五年顯著增加247.43%。

全球發售所得款項用途

本公司於二零零五年六月進行之全球股份發售中，按每股1.70港元發行375,000,000股。所得款項淨額扣除相關費用後約為598,200,000元。

於二零零六年，本集團分別動用上述所得款項中37,800,000港元開發最新移動手機設計方案；77,100,000港元開發新芯片組技術平臺；42,500,000港元營運新設液晶顯示屏後端生產及裝配線；以及13,300,000港元設立新設計及開發中心。



The balances of the proceeds have been placed in banks as short-term deposits as at 31 December 2006.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The financial position of the Group remains strong and healthy. As at 31 December 2006, the Group had bank balances of HK\$822.7 million (2005: HK\$579.9 million), of which 78.16% was held in Renminbi, 21.24% was held in United States ("US") dollars and the remaining balance was held in Hong Kong dollars. The bank balances are expected to finance the Group's working capital and capital expenditure plans in developing new technologies for mobile handsets.

As at 31 December 2006, the Group had no bank borrowings (2005: HK\$9.6 million). The Group's inventory turnover, trade receivables together with notes and bills receivable turnover and trade payables turnover period were decreased to 54 days, 19 days and 61 days (2005: 57 days, 26 days and 54 days respectively) respectively in 2006. The turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.



於二零零六年十二月三十一日，所得款項餘額已存入銀行作為短期存款。

流動資金、財務資源及資本結構

本集團具有雄厚及穩健的財務狀況。於二零零六年十二月三十一日，本集團的銀行結餘為822,700,000港元(二零零五年：579,900,000港元)，其中78.16%以人民幣持有，21.24%以美元持有，其餘則以港元持有。預期銀行結餘將用作本集團營運資金以及為開發移動手機新科技的資本開支計劃提供融資。

於二零零六年十二月三十一日，本集團並無銀行借貸(二零零五年：9,600,000港元)。於二零零六年，本集團之存貨、應收貿易賬款及應收票據及賬單和應付貿易賬款的週轉率分別下降至54日、19日及61日(二零零五年：分別為57日、26日及54日)。週轉期與本集團就授予客戶之信貸條款及從供應商獲得之信貸條款所訂相關政策貫徹一致。





After reviewing the current financial position based on the Group's finance policy, the management of the Group considered that it was not necessary to use any financial instrument for hedging purpose nor adopt any particular hedging policy.

As at 31 December 2006, the Company had an issued capital comprising 1,508,326,000 ordinary shares of HK\$0.10 each.

於根據本集團之融資政策檢討現有財政狀況後，本集團管理層認為毋需使用任何金融工具作對沖用途或採納任何特定對沖政策。

於二零零六年十二月三十一日，本公司已發行股本包括1,508,326,000股每股面值0.10港元之普通股。

CASH FLOW DATA

現金流量數據

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net cash inflow from operating activities	經營活動現金流入淨額	751,765	217,188
Net cash outflow from investing activities	投資活動現金流出淨額	(213,622)	(72,942)
Net cash (outflow) inflow from financing activities	融資活動現金(流出)流入淨額	(314,424)	231,938
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加淨額	223,719	376,184

The Group's net increases in cash and cash equivalents for the year 2006 were primarily attributable to the cash inflows from operating activities, offset by the purchases of fixed and intangible assets, the payment of year 2005 final and year 2006 interim dividends.

Due to the increase in operating profit under the continuous sales growth in 2006, there was a net cash inflow from operating activities of approximately HK\$751.8 million.

The net cash outflow from investing activities in 2006 was mainly due to the acquisitions of fixed assets and intangible assets for the development of the latest mobile handset design solutions.

The net cash outflow from financing activities in 2006 was mainly due to the payment of year 2005 final and year 2006 interim dividend.

於二零零六年，本集團之現金及現金等值項目增加淨額主要來自經營活動之現金流入，惟受購買固定及無形資產和支付二零零五年末期及二零零六年中期股息所抵銷。

由於二零零六年銷售持續增長帶動經營溢利上升，經營活動錄得現金流入淨額為751,800,000港元。

二零零六年產生投資活動現金流出淨額，主要由於購買固定資產及無形資產以開發最新移動手機設計方案所致。

二零零六年自融資活動產生的現金流出淨額，主要由於支付二零零五年末期及二零零六年中期股息。



GEARING RATIO

As at 31 December 2006, the total assets value of the Group was HK\$1,833.9 million (2005: HK\$1,461.9 million) and there was no bank borrowings (2005: HK\$9.6 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 0% (2005: 0.66%).

EMPLOYEES

As at 31 December 2006, the Group had 1,903 (2005: 1,971) employees. The Group operates a Defined Contribution 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 to its employees by reference to individual performance and the performance of the Group. Total staff costs incurred by the Group amounted to HK\$180.7 million (2005: HK\$124.3 million) during the year 2006.

The Board believes that the Group's employees are among the most valuable assets of the Group and have contributed to the success of the Group. The Group provides in-house training for its employees to enhance their knowledge in relation to their jobs.

負債比率

於二零零六年十二月三十一日，本集團之資產總值為1,833,900,000港元(二零零五年：1,461,900,000港元)，且並無銀行借貸(二零零五年：9,600,000港元)。本集團的負債比率(按銀行借貸總額除以資產總值計算)為0%(二零零五年：0.66%)。

僱員

截至二零零六年十二月三十一日，本集團共有1,903名(二零零五年：1,971名)僱員。本集團為其所有香港僱員設立一項界定供款之強制性公積金退休計劃，並根據中國適用之法律及規例之規定向中國僱員提供福利計劃。本集團亦根據僱員個別表現及本集團之表現向僱員提供酌情花紅。於二零零六年，本集團產生之總員工成本為180,700,000港元(二零零五年：124,300,000港元)。

董事會相信，本集團員工為本集團最具價值資產之一，並為本集團之成功作出貢獻。本集團根據員工本身之職責提供內部培訓，以提升彼等之崗位知識。





The emolument policies of the Group are set out in page 39 of this report.

The Company has adopted share option schemes. A summary of the principal terms and conditions of the share option schemes are set out in note 30 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

The Directors believe that the risk of exposure of the Group to foreign exchange is mitigated since most of the sales of the Group are denominated in Renminbi and most of the purchases of inventories are denominated in US dollars.

On the other hand, with the introduction of a more elastic exchange rate regime for Renminbi, the Renminbi exchange rate movements might denominated become more volatile, creating an uncertainty effect on the Group's business. Furthermore, certain trade receivables and bank balances are denominated in US dollars, therefore exposing the Group to US dollars currency risk. The Group does not have a foreign currency heading policy but will continue to monitor any further changes in Renminbi's exchange rate and would proactively take measures to minimise any adverse impact that fluctuations of exchange rates might have on the Group.

CONTINGENT LIABILITIES

As at 31 December 2006, the Group did not have any material contingent liabilities.

本集團之薪酬政策載於本年報第39頁。

本公司已採納購股權計劃。購股權計劃之條款及條件概要載於財務報表附註30。

外匯風險

由於本集團大部分銷售額均以人民幣計算幣值，而購買存貨大部分以美元計算幣值，故董事相信本集團承受的外匯波動風險程度較輕。

另一方面，由於實施更具彈性的人民幣匯率制度，人民幣匯率變動波幅可能更大，因而對本集團的業務構成不明朗影響。另本集團若干應收及應付貿易款項及銀行結餘乃以美元計值，因此承受美元貨幣風險。本集團現時尚無外幣對沖政策，然而，本集團將繼續監察人民幣匯率的任何進一步變動，並積極採取措施將匯率變動可能為本集團帶來的任何不利影響減至最低。

或然負債

於二零零六年十二月三十一日，本集團並無任何重大或然負債。



Care for our Future



The world will become more wonderful.

世界多一分美好。

CARE FOR OUR FUTURE

“An enterprise cannot develop itself well without support from the society. Therefore, it is the enterprise's unshirkable responsibility to make contributions to the society. We are aware that our ability in this regard is quite limited, but I am confident that the world will become more wonderful if we try our best and discharge our own duties with heart and soul”.

— Mr Wong



“In addition to material wealth, Sunrise people should also have more spiritual wealth. I hope there will be more people who assent to the charity culture and put it into practice. Let's work together to make our future more and more wonderful and harmonious.”

— Mrs Wong

Sunrise people

An organisation establishes and funds by the employees of the Group for charity purpose.

Hope primary schools

Since 2002, Sunrise people has donated a total of RMB6 million to Wanzai County, Jiangsu Province, which were used to build 22 primary schools with a total floor area of 18,600 square meter.

Sunrise project

From 2002 to now, more than 78 students have left the poverty-stricken areas and studied on the university campus, where they can broaden their mind horizons.

Encouragement and recognition

Sunrise people was award the China Philanthropy Outstanding Contribution Award by the China Charity Federation and was nominated for the China Charity Award by the Ministry of Civil Affairs in acknowledgement of its charity spirit. Sunrise people will continue to make donations to bring a colorful future to more people.

關注我們的未來

「企業發展離不開社會的支持，所以回報社會是企業義不容辭的責任。我們深知自己的能力有限，但我想只要我們努力去做，用心去做，從小事做起，從身邊的事情做起，盡我們的一份責任，這個世界畢竟會因為我們多一分美好。」

—王先生

「晨興人除了物質上的財富，還應該有更多精神上的財富。我希望有更多的晨興人認同慈善文化，並付諸於實踐，大家攜手創造更加美好、和諧的明天。」

—王太太

晨興人

由本集團僱員建立並資助的慈善組織。

希望小學

2002年以來，晨興人向江西省萬載縣捐款人民幣六百多萬元，興建了22所希望小學，總校舍建築面積達1.86萬平方米。

旭日工程

2002年至今，已有78名莘莘學子離開貧困山區，走進大學校園，開拓他們的新天地。



鼓勵與認同

晨興人精神得到鼓勵與認同，被中華慈善總會授予「中華慈善事業突出貢獻獎」及獲得民政部頒發的「中華慈善獎」提名。晨興人繼續發揮其力量令更多人有美好的將來。