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 2010

The board of directors (the "Board") of SIM Technology Group Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Six months ended 30 June	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**2,015,109**	1,138,652
Cost of sales		**(1,771,903)**	(1,038,375)
Gross profit		**243,206**	100,277
Other income	*5*	**53,075**	9,331
Other gains and losses		**3,975**	24,339
Research and development expenses		**(52,087)**	(34,297)
Selling and distribution costs		**(54,104)**	(32,158)
Administrative expenses		**(58,676)**	(42,711)
Finance costs		**(5,487)**	(1,735)
Profit before taxation		**129,902**	23,046
Tax (charge) credit	*6*	**(23,099)**	8,063
Profit for the period	*7*	**106,803**	31,109
Profit for the period attributable to:			
Owners of the Company		**108,216**	31,109
Non-controlling interests		**(1,413)**	–
		106,803	31,109
Earnings per share	*9*		
Basic		**HK7.0 cents**	HK2.0 cents
Diluted		**HK6.7 cents**	HK2.0 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period	**106,803**	31,109
Other comprehensive income (expense)		
Exchange difference arising on translation to presentation currency	**26**	6,556
Change in fair value of available-for-sale investments	**–**	25,366
Transfer to profit or loss on disposal of available-for-sales investments	**–**	(25,366)
Surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	**–**	1,243
Deferred tax on surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	**–**	(310)
Other comprehensive income for the period (net of tax)	**26**	7,489
Total comprehensive income for the period	**106,829**	38,598
Total comprehensive income attributable to:		
Owners of the Company	**108,242**	38,598
Non-controlling interests	**(1,413)**	–
	106,829	38,598

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2010 HK$'000 (unaudited)	As at 31 December 2009 HK$'000 (audited)
Non-current assets			
Investment properties		**221,217**	221,217
Property, plant and equipment		**306,925**	255,454
Land use rights		**93,787**	82,959
Goodwill		**28,321**	28,321
Intangible assets		**186,294**	179,469
Deferred tax assets		**3,438**	3,438
Deposit paid for land use rights		**102,581**	109,224
		942,563	880,082
Current assets			
Inventories		**667,065**	411,090
Trade receivables	*10*	**176,677**	141,555
Notes and bills receivables	*10*	**141,227**	75,173
Other receivables, deposits and prepayments		**364,278**	278,155
Pledged bank deposits		**491,659**	329,114
Bank balances and cash		**470,695**	532,276
		2,311,601	1,767,363
Current liabilities			
Trade and notes payables	*11*	**745,833**	516,167
Other payables, deposits received and accruals		**263,467**	262,732
Bank borrowings		**521,080**	271,123
Tax payable		**29,431**	15,841
		1,559,811	1,065,863
Net current assets		**751,790**	701,500
Total assets less current liabilities		**1,694,353**	1,581,582
Capital and reserves			
Share capital		**156,580**	152,871
Reserves		**1,485,977**	1,374,115
Equity attributable to owners of the Company		**1,642,557**	1,562,986
Non-controlling interests		**16,070**	17,483
Total equity		**1,658,627**	1,544,469
Non-current liabilities			
Deferred tax liabilities		**35,726**	37,113
		1,694,353	1,581,582

NOTES TO THE CONDENSED 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. Its ultimate and immediate holding company is Info Dynasty Group Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing, design and development and sales of liquid crystal display ("LCD") modules, mobile handset solutions, wireless communication modules and modems.

The functional currency of the Company is Renminbi. The condensed consolidated financial statements are presented in Hong Kong dollar, as the directors of the Company ("Directors") consider that such presentation is more appropriate for a company listed in Hong Kong and for the convenience of the shareholders of the Company ("Shareholders").

The condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

2. Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments or interpretations ("new and revised IFRSs") issued by International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for the Group's financial year beginning on 1 January 2010.

IFRSs (Amendments)	Amendment to IFRS 5 as part of improvements to IFRSs 2008
IFRSs (Amendments)	Improvements to IFRSs 2009
IAS 27 (Revised)	Consolidated and separate financial statements
IAS 39 (Amendment)	Eligible hedged items
IFRS 1 (Amendment)	Additional exemptions for first-time adopters
IFRS 2 (Amendment)	Group cash-settled share-based payment transactions
IFRS 3 (Revised)	Business combinations
IFRIC 17	Distributions of non-cash assets to owners

Application of new and revised IFRSs with no impact to financial statements of the Group for current period or prior periods

The Group applies IFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

In addition, as part of Improvements to IFRSs issued in 2009, IAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to IAS 17, the Group was required to classify leasehold land as operating leases and presented as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to IAS 17 has removed such a requirement. The amendment requires the classification of leasehold land to be based on the general principles set out in IAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. In accordance with the transitional provisions set out in the amendment to IAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. No reclassification is considered to be required because none of the leasehold land qualifies for finance lease classification.

The application of the other new and revised IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs 2010[1]
IAS 24 (Revised)	Related party disclosures[4]
IAS 32 (Amendment)	Classification of rights issues[2]
IFRS 1 (Amendment)	Limited exemption from comparative IFRS 7 disclosures for first-time adopters[3]
IFRS 9	Financial instruments[5]
IFRIC 14 (Amendment)	Prepayments of a minimum funding requirement[4]
IFRIC 19	Extinguishing financial liabilities with equity instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

IFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 has no material impact on the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

Revenue represents the amounts received and receivable for goods sold net of discounts and sales related taxes.

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, represented by the Board, for the purpose of allocating resources to segments and assessing their performance.

The Group currently organised into three revenue streams – sale of mobile handset solutions, sale of LCD modules and sale of wireless communication modules and modems.

Segment information about these businesses is presented below:

Six months ended 30 June 2010
(Unaudited)

	Sale of mobile handset solutions	Sale of LCD modules	Sale of wireless communication modules and modems	Segment total	Elimination	Consolidated
	HK$"000	*HK$"000*	*HK$"000*	*HK$"000*	*HK$"000*	*HK$"000*
Revenue						
External sales	**1,583,337**	**66,366**	**365,406**	**2,015,109**	**–**	**2,015,109**
Inter-segment sales	**–**	**24,012**	**–**	**24,012**	**(24,012)**	**–**
Total	**1,583,337**	**90,378**	**365,406**	**2,039,121**	**(24,012)**	**2,015,109**
Segment profit (loss)	**112,698**	**(9,084)**	**48,360**	**151,974**	**–**	**151,974**
Other income						**8,312**
Corporate expenses						**(24,897)**
Finance costs						**(5,487)**
Profit before taxation						**129,902**

Inter-segment sales are charged at mutually agreed terms.

Six months ended 30 June 2009
(Unaudited)

	Sale of mobile handset solutions *HK$'000*	Sale of LCD modules *HK$'000*	Sale of wireless communication modules and modems *HK$'000*	Consolidated *HK$'000*
Revenue				
External sales	683,669	125,134	329,849	1,138,652
Result				
Segment result	(28,464)	(4,434)	46,026	13,128
Recycling of gain on disposal of available-for-sale investments				25,366
Other income				3,345
Corporate expenses				(17,058)
Finance costs				(1,735)
Profit before taxation				23,046

All of the segment revenue reported for the six months ended 30 June 2009 is from external customers.

Segment result represents the financial result by each segment without allocation of recycling of gain on disposal of available-for-sale investments, rental income, interest income, other income, corporate expenses and finance costs. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

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

	As at 30 June 2010 ***HK$'000*** ***(unaudited)***	As at 31 December 2009 *HK$'000* *(audited)*
Sale of mobile handset solutions	**1,062,964**	782,910
Sale of LCD modules	**197,694**	183,419
Sale of wireless communication modules and modems	**296,929**	311,198
Total segment assets	**1,557,587**	1,277,527

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than investment properties, land use rights, pledged bank deposits, bank balances and cash, deposits paid for land use rights, deferred tax assets and other receivables, deposits and prepayment. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments.

5. Other income

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Refund of VAT *(Note)*	**6,552**	4,599
Government subsidies	**38,211**	1,257
Interest income earned on bank balances	**3,257**	1,515
Rental income (Less: outgoings of HK$201,000 (2009: HK$94,000))	**4,332**	891
Others	**723**	1,069
	53,075	9,331

Note:

Shanghai Simcom Limited, Shanghai Speedcomm Technology Limited and Shanghai Simcom Wireless Solutions Limited, wholly-owned subsidiaries of the Company, are engaged in the business of distribution of self-developed and produced software. Under the current People's Republic of China ("PRC") tax regulation, it is entitled to a refund of Value Added Tax ("VAT") paid for sales of self-developed software in the PRC.

6. Tax (charge) credit

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Tax (charge) credit comprises:		
PRC Enterprise Income Tax		
– current period	**(24,486)**	(2,280)
– overprovision in prior periods	**–**	8,685
Deferred tax credit	**1,387**	1,658
	(23,099)	8,063

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profits arising in Hong Kong.

PRC Enterprise Income Tax is calculated at the rates prevailing in the relevant districts of the PRC taking relevant tax incentives into account.

7. Profit for the period

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period is arrived at after charging (crediting):		
Amortisation of intangible assets (included in cost of sales)	**77,423**	85,626
Amortisation of land use rights	**850**	830
Depreciation of property, plant and equipment	**21,958**	18,343
Less: Amount capitalised in development costs classified as intangible assets	**(1,566)**	(2,442)
	20,392	15,901
Staff costs including directors' emoluments	**155,024**	98,473
Share-based payments	**7,633**	2,269
Less: Amount capitalised in development costs classified as intangible assets	**(63,417)**	(39,587)
	99,240	61,155
Write-down of inventories (included in cost of sales)	**3,029**	19,757
Allowance for bad and doubtful debts	**4,533**	4
Loss on disposal of property, plant and equipment	**27**	–
Recycling of gain on disposal of available-for-sale investments (included in other gains and losses)	**–**	(25,366)
Net foreign exchange (gain) loss (included in other gains and losses)	**(3,975)**	1,027

8. Dividends

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Dividends recognised as distribution – final dividend for year 2009 of HK2.2 cents (2009: HK1 cent for year 2008) per share	**34,415**	15,175

Subsequent to the reporting period date, the Directors determined that an interim dividend of HK2.5 cents (2009: HK0.8 cent) per share be paid to the shareholders of the Company whose names appear on the register of member of the Company on 17 September 2010.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**108,216**	31,109
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,544,102**	1,517,824
Effect of dilutive potential ordinary shares – share options	**68,066**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,612,168**	1,517,824

For the period ended 30 June 2010, weighted average number of ordinary shares for the purpose of the computation of diluted earnings per share has accounted for the effect of the share options with dilutive effect.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of the Company's share options were higher than the average market price of the shares for the period ended 30 June 2009.

10. Trade receivables and notes and bills receivables

The normal credit period taken on sales of goods is 0 to 90 days. The following is an aged analysis of trade receivables, notes and bills receivables presented based on the respective invoice date at the end of the reporting period:

	As at 30 June 2010	As at 31 December 2009
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
0 – 30 days	**121,716**	94,140
31 – 60 days	**37,610**	6,764
61 – 90 days	**6,845**	14,118
91 – 180 days	**1,940**	564
Over 180 days	**23,585**	36,455
	191,696	152,041
Less: Accumulated allowances	**(15,019)**	(10,486)
Trade receivables	**176,677**	141,555
0 – 30 days	**85,154**	75,173
61 – 90 days	**56,073**	–
Notes and bills receivables *(Note)*	**141,227**	75,173

Note: Notes and bills receivables represent the promissory notes received which were issued by banks of the customers.

11. Trade and notes payables

The normal credit period taken for trade purchases is 30 to 60 days. The following is an aged analysis of trade and notes payables presented based on the respective invoice date at the end of the reporting period:

	As at 30 June 2010	As at 31 December 2009
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
0 – 30 days	**674,486**	462,324
31 – 60 days	**20,345**	36,472
61 – 90 days	**17,677**	2,876
Over 90 days	**33,325**	14,495
	745,833	516,167

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2010 of HK2.5 cents per share (2009: HK0.8 cents per share) to shareholders of the Company whose names appear on the register of members of the Company on 17 September 2010. The interim dividend will be paid on or about 6 October 2010.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 15 September 2010 to 17 September 2010, both days inclusive, during such period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 14 September 2010.

MARKET AND BUSINESS REVIEW

We are pleased to share with you that our Group has returned to a solid path of growth for the past 12 months after facing perhaps the worst economic environment for the communication industry during the first half of 2009. Our intense focus on execution of ODM transition and M2M modules expansion resulted in consistent growth in revenue and profitability. For the six months ended 30 June 2010 ("1H-2010" or the "reporting period"), the Group's overall revenue and profits surged over 76% and 247% respectively comparing to the same period in 2009. Further, the Group recorded unit shipment growth year-on-year in both handset solutions and wireless module segments of 35.98% and 32.25% respectively in 1H-2010. Finally, the Group returned to a double digit gross profit percentage of 12.07% and achieved the target we set in the beginning of the year.

In 1H-2010, we have reached many milestones. We outlined the key achievements below:

- Launched 18 3G handset solutions covering EVDO, TD-SCDMA, WCDMA network
- Won the China Telecom EVDO PCBA tender
- Began ODM partnership with two more major handset OEMs
- Launched a new family of smaller and more powerful wireless modules
- Completed Phase One of Shen Yang factory and added more than 30% production capacity

With these achievements, we demonstrated our exceptional strengths in technical capability, in the areas of flexible and efficient manufacturing, high quality customer services, and most importantly of all our ability to adapt to new competitive environment for sustainable growth.

Handsets

The handset industry has changed. Customers are demanding more fashionable style and more innovative design driving more new models launched but fewer units sold per model. Therefore, new handset development cycle time is shrinking putting higher pressure on the return on investment. To combat the trend, the handset value chain continues to migrate and consolidate into Asia, particularly into China. We have to evolve to stay ahead. Our cooperation with the largest Japan handset customer for the last two years built a strong foundation for ODM business. We have successfully completed 16 ODM projects for this customer up to now. We now have the capabilities to meet other customers' demand for high end handset ODM projects. As a result, when compare to first half of 2009:

- Total handset solution unit shipment and revenue increased over 35% and 131% at approximately of 8 Mu and HK$1.58 billion respectively
- Full handset (ODM) solutions continued to outpace the growth of other handset solutions with over 314% increase in revenue
- 3G handset solutions revenue achieved growth with over 301%
- Gross profit for the total handset solutions increased 695.64% at HK$169 million

Wireless modules and modems

Internet of things and M2M applications are the catalysts for wireless module industry growth. Many operators worldwide are increasing their investment in M2M to drive growth beyond voice application. As the worldwide number two wireless module supplier based on unit shipment, our Company and its SIMCom® brand is widely recognized for quality, innovation, and value. In 1H-2010, we launched a new family of wireless modules, SIM900. Besides the usual EU and Asia certifications, SIM900 is our first module to pass AT&T certification process, opening up the North America M2M market for our future growth. However, the modem industry continued to face stiff competition. We do not expect a near term improvement for this product category in light of the recent announcement from European Commission to launch an anti-dumping investigation to Chinese suppliers of USB modems and 3G enabled routers. We are confident that our products are sold within the law. Nonetheless, the investigation will increase the uncertainty of this industry until the result of the investigation is clear. In 1H-2010, our Group achieved approximately of HK$365 million and HK$68 million in wireless modules and modems revenue and gross profit respectively.

LCD modules

LCD modules remained as a strategic component to our handset customers to ensure time to market under a constrained market supply environment. During 1H-2010, the LCD modules industry capacity was abundant to meet the demand. As a result, we expected our handset customers to reduce the reliance on our LCD modules. Our 1H-2010 LCD module segment revenue and gross profit were approximately of HK$67 million and HK$6 million, representing a decrease of 46.96% and 48.04% respectively as compared to first half of 2009.

Operation

In 1H-2010, we have initiated a couple of programs to further streamline our operation and prepare our manufacturing capacity in anticipation for future growth. We have established a permanent business process reengineering department with the mission to continuously improve our business process. Our vision is to deliver 10% productivity improvement year to year to maintain a sustainable profit growth.

Shen Yang operating base

In order to achieve our vision of becoming a "world class communication company", we are determined to continue our improvement in ODM capability. We have begun the Phase Two of our Shen Yang factory expansion. Besides the usual assembly and test line, we have added top of the line injection molding, spray painting, and vacuum plating capability. These new equipment will allow us to better control the quality of our casing and shorten the delivery time to our ODM customers. Our current plan is to further increase our overall production capacity by 100% within the next 12 months.

Prospect

For the past 12 months, we took a major step forward in building a powerful and flexible engine for growth. In the process, we have to give up opportunities for quick but risky business. Our discipline in upholding the highest business integrity saved us from getting entangled with Chinese custom investigation of questionable business dealings in 1H-2010. Internally, we focused on empowering and developing our staff both at work and off work. We are convinced that our staff commitments are critical in achieving our future. Despite the fact that the communication industry remains competitive, our experience in weathering the down turn has strengthened our ability to take advantage of the new market environment. We believe that our strategy and execution will help us leap ahead of our competitions.

FINANCIAL REVIEW

Financial results

For the six months ended 30 June 2010, the Group's revenue increased by 76.97% to HK$2,015.1 million (2009: HK$1,138.7 million) as compared with that of first half of 2009 ("1H-2009"). The significant sales increase was attributable to the increase in the sales of mobile handset solutions and wireless modules.

The gross profit of the Group increased dramatically by 142.53% to HK$243.2 million (2009: HK$100.3 million) for 1H-2010 as compared to 1H-2009 while the gross profit margin increased to 12.07% (2009: 8.81%). The profit for the reporting period increased by 247.86% year-on-year to HK$108.2 million (2009: HK$31.1 million). The basic earnings per share increased 250% year-on-year to HK7 cents (2009: HK2 cents).

Segment results

	(unaudited) Six months ended 30 June							
	2010				2009			
	Revenue *HK$'M*	**Unit shipped** *'000*	**Gross profit** *HK$'M*	**Gross profit margin** *%*	Revenue *HK$'M*	Unit shipped *'000*	Gross profit *HK$'M*	Gross profit margin *%*
Mobile handset solutions	**1,583**	**8,031**	**169**	**10.73%**	684	5,906	21	3.12%
LCD modules	**67**	**1,761**	**6**	**8.83%**	125	1,950	11	9.02%
Wireless communication modules and modems	**365**	**3,145**	**68**	**18.48%**	330	2,378	68	20.51%
	2,015	**12,937**	**243**	**12.07%**	1,139	10,234	100	8.81%

Mobile handset solutions

During the reporting period, the Group has been successfully building higher margin product mix, as a result, the revenue for the mobile handset solutions increased by 131.59% year-on-year to HK$1,583.3 million (2009: HK$683.7 million) and the gross profit margin increased to 10.73% (2009: 3.12%). The Group has launched 100 handset models and 46 handset platforms during the reporting period (2009: 118 handset models, 29 handset platforms).

LCD modules

The revenue and gross profit for LCD modules decreased dramatically by 46.96% and 48.04% respectively during the reporting period as compared to those in 1H-2009. The gross profit margin for LCD modules of the Group in 1H-2010 decreased slightly to 8.83% (2009: 9.02%) as compared to the same period last year.

Wireless communication modules and modems

Wireless communication modules continued to capture a growing share in the industry despite the sales of modems decreased substantially, the revenue of the wireless communication modules and modems of the Group for 1H-2010 increased by 10.78% year-on-year to HK$365.4 million (2009: 329.8 million). The gross profit margin dropped to 18.48% (2009: 20.51%).

Employees

As at 30 June 2010, the Group had 3,070 (31 December 2009: 2,560) 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 to its employees by reference to individual performance and the performance of the Group.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the reporting period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company with all the directors, that they have fully complied with the required standard as set out in the Model Code for the reporting period.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has reviewed with management the accounting principles and practice adopted by the Group and reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2010. In addition, the condensed consolidated financial statements of the Group for the six months ended 30 June 2010 have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu, and an unqualified review report was issued. The Audit Committee comprises the three independent non-executive directors of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.sim.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The 2010 interim report will be dispatched to the shareholders and 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 of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Wong Hei, Simon, Mr Zhang Jianping, Ms Tang Rongrong and Mr Chan Tat Wing, Richard and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Zhuang Xingfang and Mr Xie Linzhen.

By Order of the Board
SIM Technology Group Limited
Wong Cho Tung
Director

This announcement contains certain forward-looking statements. The words "believe", "intend", "expect", "anticipate", "estimate", "predict", "is confident", "has confidence" 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 Company operates, and are subject to risks, uncertainties and other factors that could significantly affect expected results.

Hong Kong, 19 August 2010

* *For identification purposes only*