SIM TECHNOLOGY GROUP LIMITED

晨訊科技集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 2000)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of SIM Technology Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December **2012** *HK$'000* **Audited**	2011 *HK$'000* Audited
Revenue	*3*	**2,925,316**	3,334,099
Cost of sales		**(2,643,345)**	(3,065,219)
Gross profit		**281,971**	268,880
Other income	*5*	**84,047**	55,970
Other gains and losses	*6*	**(60,084)**	51,182
Research and development expenses		**(184,416)**	(183,639)
Selling and distribution costs		**(114,745)**	(124,507)
Administrative expenses		**(94,836)**	(98,773)
Finance costs	*7*	**(7,344)**	(10,739)
Loss before taxation		**(95,407)**	(41,626)
Taxation (charge) credit	*8*	**(1,492)**	13,574
Loss for the year	*9*	**(96,899)**	(28,052)
Loss for the year attributable to:			
Owners of the Company		**(96,671)**	(25,478)
Non-controlling interests		**(228)**	(2,574)
		(96,899)	(28,052)
Loss per share (HK cents)	*11*		(restated)
Basic and diluted		**(4.8)**	(1.4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
	Audited	Audited
Loss for the year	**(96,899)**	(28,052)
Other comprehensive income for the year:		
Exchange difference arising on translation to presentation currency	**19,911**	68,738
Total comprehensive (expense) income for the year	**(76,988)**	40,686
Total comprehensive income attributable to:		
Owners of the Company	**(78,198)**	42,687
Non-controlling interests	**1,210**	(2,001)
	(76,988)	40,686

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 *HK$'000* Audited	2011 *HK$'000* Audited
Non-current assets			
Investment properties		**291,575**	273,023
Property, plant and equipment		**699,821**	684,271
Land use rights		**97,055**	98,401
Goodwill		**–**	28,321
Intangible assets		**81,954**	180,432
Deferred tax assets		**21,100**	17,946
Available-for-sale investments		**16,875**	16,605
Deposits paid for property, plant and equipment		**–**	11,680
		1,208,380	1,310,679
Current assets			
Inventories		**271,266**	620,729
Properties under development for sales		**161,423**	206,772
Properties held for sales		**84,765**	–
Trade receivables	*12*	**366,099**	105,512
Notes receivables	*12*	**71,502**	631,521
Other receivables, deposits and prepayments		**245,735**	293,548
Pledged bank deposits		**34,991**	171,890
Bank balances and cash		**1,019,173**	500,817
		2,254,954	2,530,789
Current liabilities			
Trade payables	*13*	**374,169**	871,302
Other payables, deposits received and accruals		**245,504**	287,586
Amounts due to shareholders on oversubscription of Rights Issue		**480,489**	–
Amount due to a non-controlling shareholder of a subsidiary		**37,500**	–
Bank borrowings		**50,767**	511,472
Tax payable		**6,729**	5,214
		1,195,158	1,675,574
Net current assets		**1,059,796**	855,215
Total assets less current liabilities		**2,268,176**	2,165,894
Capital and reserves			
Share capital		**170,500**	170,500
Reserves		**1,911,739**	1,815,966
Equity attributable to owners of the Company		**2,082,239**	1,986,466
Non-controlling interests		**89,634**	88,424
Total equity		**2,171,873**	2,074,890
Non-current liabilities			
Deferred tax liabilities		**47,244**	51,263
Deferred income		**49,059**	39,741
		96,303	91,004
		2,268,176	2,165,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

The Company was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended) with limited liability. Its ultimate and immediate holding company is Info Dynasty Group Limited ("Info Dynasty"), a company incorporated in the British Virgin Islands ("BVI").

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars, as the directors consider that it is a more appropriate presentation for a company listed on The Stock Exchange of Hong Kong Limited and for the convenience of the shareholders.

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacturing, design and development and sale of display modules, handsets and solutions, wireless communication modules and property development.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies of the Group. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group has applied the following amendments to the International Financial Reporting Standards ("Amendments to IFRS") issued by the International Accounting Standards Board ("IASB") which are mandatorily effective for the current reporting period or which may be early adopted.

IAS 12 (Amendments)	Deferred tax: Recovery of underlying asset;
IFRS 7 (Amendments)	Financial instruments: Disclosures – Transfers of financial assets

Except as disclosed below, the adoption of the Amendments to IFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to IAS 12 Deferred tax: recovery of underlying assets

Under the amendments to IAS 12 "Deferred tax: recovery of underlying assets", investment properties that are measured using the fair value model in accordance with IAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the directors reviewed the Group's investment property and concluded that the Group's investment property in the People's Republic of China (the "PRC") is held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, and that the presumption set out in the amendments to IAS 12 is rebutted. Accordingly, deferred taxation in relation to the Group's investment property has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use. As a result, the application of the amendments to IAS 12 in the current year has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

Amendments to IFRSs	Annual improvements to IFRS 2009-2011 cycle except for the amendments to IAS 1[1]
IFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[1]
IFRS 9	Financial instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory effective date of IFRS 9 and transition disclosures[3]
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
IFRS 10, IFRS 12 and HKAS 27 (Amendments)	Investment entities[2]
IFRS 10	Consolidated financial statements[1]
IFRS 11	Joint arrangements[1]
IFRS 12	Disclosure of interests in other entities[1]
IFRS 13	Fair value measurement[1]
IAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
IAS 19 (as revised in 2012)	Employee benefits[1]
IAS 27 (as revised in 2011)	Separate financial statements[1]
IAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
IAS 32 (Amendments)	Offsetting financial assets and financial liabilities[2]
IFRIC 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial instruments

IFRS 9 "Financial instruments" (as issued in 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 "Financial instruments" (as revised in October 2010) adds requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

– All recognised financial assets that are within the scope of IAS 39 "Financial instruments: recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– with regard to measurement of financial liabilities that are designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the application of IFRS 9 will mainly affect the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12, were issued to clarify certain transition guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transition guidance, are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors anticipate that the application of these five standards is not expected to have a material impact on the amounts reported in the consolidated financial statements.

IFRS 13 Fair Value measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect the amounts of available-for-sale investments reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. Revenue

Revenue represents the amounts received and receivable for goods and properties sold net of returns.

4. Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

The Group is currently organised into four reportable and operating segments – sale of handsets and solutions, sale of display modules, sale of wireless communication modules and property development. These reportable and operating segments are the basis of the internal reports about components of the Group that are regularly reviewed by the executive directors in order to allocate resources to segments and to assess their performance.

Segment revenue and results

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

For the year ended 31 December 2012

	Sale of handsets and solutions *HK$'000*	Sale of display modules *HK$'000*	Sale of wireless communication modules *HK$'000*	Property development *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue							
External sales	2,091,066	204,195	489,964	140,091	2,925,316	–	2,925,316
Inter-segment sales	–	175,062	–	–	175,062	(175,062)	–
Total	2,091,066	379,257	489,964	140,091	3,100,378	(175,062)	2,925,316
Segment (loss) profit	(126,812)	(17,694)	21,406	10,837	(112,263)	–	(112,263)
Other income							30,516
Corporate expenses							(20,237)
Gain from changes in fair values of investment properties							13,921
Finance costs							(7,344)
Loss before taxation							(95,407)

For the year ended 31 December 2011

	Sale of handsets and solutions *HK$'000*	Sale of display modules *HK$'000*	Sale of wireless communication modules *HK$'000*	Property development *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue							
External sales	2,608,071	132,454	593,574	–	3,334,099	–	3,334,099
Inter-segment sales	–	200,403	–	–	200,403	(200,403)	–
Total	2,608,071	332,857	593,574	–	3,534,502	(200,403)	3,334,099
Segment (loss) profit	(9,722)	(35,009)	10,529	(6,244)	(40,446)	–	(40,446)
Other income							31,433
Corporate expenses							(39,576)
Gain from changes in fair values of investment properties							17,702
Finance costs							(10,739)
Loss before taxation							(41,626)

Segment result represents the profit earned or loss incurred by each segment without allocation of gain from changes in fair values of investment properties, rental income, interest income, certain other income, corporate expenses, finance costs and taxation. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at mutually agreed terms.

Segment assets and liabilities

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

At 31 December 2012

	Sale of handsets and solutions	Sale of display modules	Sale of wireless communication modules	Property development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**1,013,468**	**193,636**	**499,403**	**277,221**	**1,983,728**
Investment properties					**291,575**
Property, plant and equipment					**1,405**
Deferred tax assets					**21,100**
Available-for-sale investments					**16,875**
Other receivables, deposits and prepayments					**94,487**
Pledged bank deposits					**34,991**
Bank balances and cash					**1,019,173**
Consolidated assets					**3,463,334**
Segment liabilities					
– attributable to sale of display modules	**–**	**168,821**	**–**	**–**	**168,821**
– attributable to property development	**–**	**–**	**–**	**103,354**	**103,354**
– attributable to operating segment other than sale of display modules and property development *(note)*					**353,780**
					625,955
Other payables, deposits received and accruals					**80,277**
Amounts due to shareholders on oversubscription of Rights Issue					**480,489**
Bank borrowings					**50,767**
Tax payable					**6,729**
Deferred tax liabilities					**47,244**
Consolidated liabilities					**1,291,461**

At 31 December 2011

	Sale of handsets and solutions	Sale of display modules	Sale of wireless communication modules	Property development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,795,330	359,119	378,461	255,162	2,788,072
Investment properties					273,023
Property, plant and equipment					3,467
Deferred tax assets					17,946
Available-for-sale investments					16,605
Deposits paid for property, plant and equipment					11,680
Other receivables, deposits and prepayments					57,968
Pledged bank deposits					171,890
Bank balances and cash					500,817
Consolidated assets					3,841,468
Segment liabilities					
– attributable to sale of display modules	–	300,438	–	–	300,438
– attributable to property development	–	–	–	50,246	50,246
– attributable to operating segment other than sale of display modules and property development *(note)*					737,642
					1,088,326
Other payables, deposits received and accruals					110,303
Bank borrowings					511,472
Tax payable					5,214
Deferred tax liabilities					51,263
Consolidated liabilities					1,766,578

Note: Liabilities attributable to reportable and operating segments other than sale of display modules and property development represented payables to common suppliers of the reportable and operating segments other than sale of display modules and property development, which cannot be allocated to the respective segments on a reasonable basis.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than investment properties, certain property, plant and equipment, pledged bank deposits, bank balances and cash, deposits paid for property, plant and equipment, available-for-sale investments, deferred tax assets and certain other receivables, deposits and prepayments. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments; and

- other than liabilities specifically identified for reportable and operating segments on sale of display modules and property development, the remaining liabilities are allocated between payables jointly consumed by reportable and operating segments on sale of handsets and solutions and sale of wireless communication modules and corporate liabilities. Corporate liabilities include other payables, deposits received and accruals, tax payable, amounts due to shareholders on oversubscription of Rights Issue, bank borrowings and deferred tax liabilities.

Other segment information

For the year ended 31 December 2012

	Sale of handsets and solutions *HK$'000*	Sale of display modules *HK$'000*	Sale of wireless communication modules *HK$'000*	Property development *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions of property, plant and equipment	47,929	27,277	16,099	108	473	91,886
Additions of intangible assets	117,571	–	51,004	–	–	168,575
Depreciation of property, plant and equipment	49,137	15,830	20,238	479	337	86,021
Amortisation of intangible assets	186,834	–	50,088	–	–	236,922
Amortisation of land use rights	1,662	225	1,019	–	–	2,906
Write-down of inventories	9,276	–	2,174	–	–	11,450
Allowance for bad and doubtful debts	943	–	–	–	–	943
Impairment loss recognised in respect of goodwill	28,321	–	–	–	–	28,321
Impairment loss recognised in respect of intangible assets	31,320	–	–	–	–	31,320

For the year ended 31 December 2011

	Sale of handsets and solutions *HK$'000*	Sale of display modules *HK$'000*	Sale of wireless communication modules *HK$'000*	Property development *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions of property, plant and equipment	231,219	80,578	64,172	559	1,253	377,781
Additions of intangible assets	97,373	–	88,350	–	–	185,723
Depreciation of property, plant and equipment	27,999	12,903	10,229	383	255	51,769
Amortisation of intangible assets	130,288	–	57,091	–	–	187,379
Amortisation of land use rights	1,560	186	339	–	–	2,085
Reversal of allowance for bad and doubtful debts	10,167	–	–	–	–	10,167
Write-down of inventories	22,293	3,354	6,078	–	–	31,725

Revenue from major products

	2012 *HK$'000*	2011 *HK$'000*
Sale of handsets and solutions	**2,091,066**	2,608,071
Sale of display modules	**204,195**	132,454
Sale of wireless communication modules	**489,964**	593,574
Sale of residential properties	**140,091**	–
	2,925,316	3,334,099

Information about a major customer

Revenue from a customer of the corresponding years contributing over 10% of total sales of the Group, deriving revenue from the Group's reportable and operating segments other than property development segment, are as follows:

	2012 *HK$'000*	2011 *HK$'000*
Customer A	**540,083**	949,104

This customer operates in the mobile phone technology industry in the PRC.

Geographical information

The Group's revenue and non-current assets are substantially located in the PRC, the country of domicile from which the group entities derive revenue and hold assets. Accordingly, no further analysis is presented.

5. Other income

	2012	2011
	HK$'000	*HK$'000*
Refund of VAT *(Note)*	**17,395**	12,695
Government grants	**22,010**	10,237
Interest income earned on bank balances	**10,724**	18,569
Rental income (Less: outgoings of HK$1,980,000 (2011: HK$1,625,000))	**19,792**	12,864
Repairs and maintenance income	**12,426**	–
Others	**1,700**	1,605
	84,047	55,970

Note:

Shanghai Simcom Limited, Shanghai Simcom Wireless Solutions Limited and Shanghai Basecom Limited, wholly owned subsidiaries of the Company, are engaged in the business of distribution of self-developed and produced software. Under the current PRC tax regulation, they are entitled to a refund of Value Added Tax ("VAT") paid for sales of self-developed and produced software in the PRC.

6. Other gains and losses

	2012	2011
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(309)**	(69)
Net foreign exchange (loss) gain	**(13,112)**	23,382
Changes in fair values of investment properties	**13,921**	17,702
Reversal of allowance for bad and doubtful debts *(note)*	**–**	10,167
Allowance for bad and doubtful debts	**(943)**	–
Impairment loss recognised in respect of goodwill	**(28,321)**	–
Impairment loss recognised in respect of intangible assets	**(31,320)**	–
	(60,084)	51,182

Note: Reversal of allowance for bad and doubtful debts of HK$10,167,000 was recognised upon the settlement of trade receivables previously impaired during the year ended 31 December 2011.

7. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Interests on bank borrowings wholly repayable within five years	**7,344**	10,739

8. Taxation

	2012	2011
	HK$'000	*HK$'000*
PRC Enterprise Income Tax	**7,102**	5,014
Land appreciation tax in the PRC	**2,100**	–
Overprovision in PRC Enterprise Income Tax in prior years	**–**	(16,815)
Deferred tax credit	**(7,710)**	(1,773)
Income tax charge (credit) for the year	**1,492**	(13,574)

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

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

9. Loss for the year

	2012	2011
	HK$'000	*HK$'000*
Loss for the year is arrived at after charging (crediting):		
Auditor's remuneration	**2,000**	2,000
Amortisation of intangible assets (included in cost of sales)	**236,922**	187,379
Less: Amount capitalised in development costs	**(931)**	(1,421)
	235,991	185,958
Amortisation of land use rights	**2,906**	2,085
Depreciation of property, plant and equipment	**86,021**	51,769
Less: Amount capitalised in development costs	**(2,872)**	(3,560)
	83,149	48,209
Write-down of inventories (included in cost of sales)	**11,450**	31,725
Costs of inventories recognised as expenses (included in cost of sales)	**2,482,083**	3,038,696
Costs of properties sold (included in cost of sales)	**118,288**	–
Staff costs:		
Directors' emoluments	**8,055**	8,727
Other staff costs		
– Salaries and other benefits	**338,768**	372,659
– Retirement benefits scheme contributions	**63,861**	71,298
– Share-based payments	**4,812**	7,682
	415,496	460,366
Less: Amount capitalised in development costs	**(130,265)**	(147,952)
	285,231	312,414

10. Dividends

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 Final dividend, paid – HK3.0 cents per share	–	51,733
2011 Interim dividend, paid – HK1.0 cent per share	–	17,048
	–	68,781

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

11. Loss per share

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

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to the owners of the Company)	**(96,671)**	(25,478)
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,994,849**	1,853,306

The computation of diluted loss per share for the year ended 31 December 2012 and 2011 does not assume the exercise of the Company's share options as it would reduce loss per share.

The weighted average numbers of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year ended 31 December 2012 and the year ended 31 December 2011 have been adjusted to reflect the bonus impact of the Rights Issue.

12. Trade receivables and notes receivables

The normal credit period given on sale of goods is 0-90 days.

The following is an aged analysis of trade receivables and notes receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates:

	2012	2011
	HK$'000	*HK$'000*
Trade receivables		
0 – 30 days	**338,542**	83,370
31 – 60 days	**4,361**	9,238
61 – 90 days	**4,452**	5,827
91 – 180 days	**9,855**	6,434
Over 180 days	**21,529**	12,982
	378,739	117,851
Less: Accumulated allowances	**(12,640)**	(12,339)
	366,099	105,512
Notes receivables *(Note)*		
0 – 30 days	**62,606**	609,155
31 – 60 days	**2,140**	3,783
61 – 90 days	**2,525**	6,599
91 – 180 days	**4,231**	11,984
	71,502	631,521

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. The Group has policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and age analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each client.

13. Trade payables

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**279,256**	651,230
31 – 60 days	**29,518**	184,506
61 – 90 days	**24,518**	2,102
Over 90 days	**40,877**	33,464
	374,169	871,302

FINAL DIVIDEND

The Board does not recommend the payment of final dividend to shareholders of the Company for the year ended 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend the forthcoming annual general meeting of the Company ("AGM"), the Company's register of members will be closed from Friday, 24 May 2013 to Tuesday, 28 May 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the attendance at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Thursday, 23 May 2013.

ANNUAL GENERAL MEETING

The AGM will be held at Unit A, 29th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 28 May 2013. The notice of the AGM will be posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") and dispatched to the shareholders in due course.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the past year, clouded by the European debt crisis, the global economy has recovered slowly while different industries have continued to face stiff challenges. With regard to the handset industry, there was increasingly intense competition as several handset giants generated a majority of the profits while many other branded handset providers found it difficult to make any. The Group's branded handset customers also greatly lowered their procurement prices and some even left the market. Under such a tough business environment and after careful contemplation, the Group decided to transform its business immediately. Consequently, the Group withdrew from the highly competitive operator procurement market while continuing to operate in the high-end handset business, and directed resources toward developing smart phones and tablets for the industries such as medical and logistic industries. With the Group leaving the unprofitable business segment and increasing its proportion in the high-margin business, an improvement in business performance was achieved in the second half of 2012. In particular, gross profit margin rose gradually. As for the wireless communication module business, a decrease in turnover was recorded, as the Group determined to optimize the product mix and thus stopped working on low-end product projects which carry lower profit margin. This has nonetheless boosted the gross profit margin of the wireless communication module business during the year under review.

For the year ended 31 December 2012, the Group reported turnover of HK$2,925.3 million (2011: HK$3,334.1 million). Gross profit margin rose to 9.6% (2011: 8.1%). Affected by an impairment on goodwill arising from the acquisition of Smartwireless Technology Limited in 2009 and intangible assets (including capitalised development costs of those previous projects which is expected not to bring in future revenue to the Group), while the benefits of its business transformation was not yet reflected during the year, the Group recorded loss attributable to shareholders at HK$96.7 million (2011: loss attributable to shareholders of HK$25.5 million). Basic loss per share was HK4.8 cents (2011: basic loss per share of HK1.4 cents (restated)).

BUSINESS REVIEW

Handsets and solutions

During the year under review, the global handset market experienced intensive price competition. Nevertheless, the Group's major branded handset customers in the PRC did report higher number of shipments and captured larger market share year-on-year. However, a price war led to even lower profitability for the entire industry when compared to last year and the lower procurement price has resulted in the unprofitable ODM handset business. Japanese handset brands were also severely hit by foreign competitors, leading to a drastic decline in domestic market share. As a result, the Group's Japanese customers substantially cut their procurement prices and reduced the number of new handset projects, while some even left the handset market. This exerted pressure on the Group's handset business far beyond expectations.

To improve the profitability of the handset business, the Group adjusted the business direction in the second half year of 2012. It cancelled a number of high volume yet unprofitable projects and turned the focus to high-end ODM projects that can generate reasonable returns, particularly ODM projects for the European and US markets and 4G LTE projects. The Group also strived to develop differentiated handset products, particularly for special handset products such as those used by the medical and logistics industries characterised with small orders, product varieties and reasonable gross profit margins. Such adjustment enabled the Group to tap high-quality sustainable business opportunities. Recently, the Group has forged close partnerships with professional application customers, which are expected to lead to a new growth driver for the Group's long-term development.

During the year, sales from the handset business declined to HK$2,091.1 million (2011: HK$2,608.1 million). Gross profit margin increased to 6.5% (2011: 5.5%) and gross profit was HK$135.7 million (2011: HK$143.0 million).

Wireless communication modules

In 2012, the PRC market was adversely impacted by the keen competition and selling price reduction. Nevertheless, the Group was able to work in close collaboration with key overseas and domestic operators to further expand its business. During the year, the revenue generated from the overseas market surged by over 20% as compared to last year. In particular, North America and Japan markets have shown their growing demand in 3G and 4G products. It is worth noting that the value for money SIM5320(3G) family of wireless communication modules was endorsed by major operators in North America, whereas SIM5320JE modules under the same family have obtained the network certification from Softbank Mobile Corp. in Japan. Moreover, SIM7290, the Group's first 4G-LTE modules that launched in the fourth quarter of 2012, received overwhelming market responses recently. In addition, the SIM900(2G) family of wireless communication modules continued to enjoy an important position in the M2M industry especially in the international market. Besides, the SIM800, family of wireless communication modules utilizing the MTK platform also gained popularity in the PRC market for its low-cost and wide-application advantages. The Group determined to optimize its product portfolio and terminate low-end and low-margin projects to boost the gross profit of its wireless communication modules business.

During the year, the Group's wireless communication modules business recorded sales and gross profit of HK$490 million and HK$100.2 million respectively (2011: HK$593.6 million and HK$114.5 million respectively). Gross profit margin slightly increased to 20.5% (2011: 19.3%).

Display modules

Driven by the rapid growth in demand for smart phones and tablets, total demand for LCD modules (LCM) and capacity touch panels (CTPs) increased accordingly. In 2012, the Group made timely adjustments to its display module business mix and restructured its management teams and changed the ways of management, including reducing the scale of the LCM business due to its lower profitability; expanding the CTP business; and directing more resources to enhancing product technologies and sales. These measures have borne fruit within a short period of time. The CTP business has achieved a rapid revenue growth during the year. The sales proportion of CTP business in the total display module business revenue increased significantly from 19% in year 2011 to 87% in year 2012. The performance of this business segment in the second half of 2012 was in line with expectations.

Benefitting from effective business strategies, revenue from the display module business grew noticeably during the year, up by 54.2% year-on-year to HK$204.1 million (2011: HK$132.4 million) even after excluding the inter-segment sales to the "handsets and solutions" segment. Gross profit doubled to HK$24.3 million (2011: HK$11.4 million) while gross profit margin increased by about three percentage points to 11.9% (2011: 8.6%). If the contributions from the inter-segment sales were not excluded, this segment would have achieved a turnaround.

Shenyang real estate project

A subsidiary of the Group, 晨訊置業(沈陽)有限公司(unofficial English translation as Shenyang SIM Real Estate Limited), holds a parcel of land in Shenyang City ("Land"). The Land is situated at Daoyi Development Zone, No. 25, north to Shenbei Development Avenue, Shenbei New District, Shenyang City, Liaoning Province, the PRC, with a site area of approximately 85,000 square meters. The area available for development is approximately of 173,000 square meters and the plot ratio is 1.86. Our intention is to develop the Land into commercial and residential apartment complex, named The Riverside Country(翰林水郡).

Phase I of The Riverside Country was completed and put on market for sale in year 2012. A total of 404 residential units were put on market for sale. 310 units were sold in year 2012 and out of which 234 units were delivered. The sales recognized in year 2012 amounted to HK$140.1 million (2011: Nil) and the gross profit margin was 15.6%.

In 2013, the Group will continue proceeding with the development of the commercial buildings and phase II of The Riverside Country and planned to develop it into an intelligent residential community.

PROSPECTS

Looking ahead, the Group will continue to adhere to the "high value-added" philosophy and strive to develop a high-end and new technology business portfolio. It will enhance the R&D capability to develop software and system applications based on market demand, as well as provide comprehensive solutions for its customers. The Group will also push ahead with its transformation from being an ODM provider in the manufacturing business to become a modern service provider, offering one-stop services to customers, thus allowing it to enhance profitability as well as better capitalise on economies of scale.

With regard to the handset business, the trends of gross profit erosion, enhanced brand awareness and diverse applications have transformed handsets from simple tools for communications to essential tools for business purpose, offering a variety of applications for various industries such as retail, logistics and express delivery. The different requirements placed on software, hardware and accessories from different industries and professions will present to handset developers greater room for development. Moreover, the rapidly increasing market demand for tablets will facilitate the growth of the handset market. The joint development of both products has blurred the line between handsets and traditional computers, and offers more development opportunities for related products. With this in mind, the Group will cut the scale of certain ODM projects that may generate large orders but low profits while retaining its high-end ODM business which targets the international market. The Group will also direct resources towards developing the 4G LTE business, including specialized mobile terminals and systems, as well as gradually transform from a mobile product supplier to a mobile smart service provider targeting industries and professional applications.

In addition, the Group will expand its investment in the new-generation wireless communication modules. Communication module products and related "Internet of Things" applications will continue to represent growth opportunities for the Group due to further development of the Internet of Things project. The Group's R&D team and cooperative partners will strengthen the global technologies support to international customers, to meet their diverse needs and to tailor one-stop solutions for them. Such services will help accelerate the product approval process and shorten the lead time of products. Leveraging innovative technologies, professional R&D standards and over a decade's worth of experience, the Group will expand its product applications in areas such as smart metering, security and safety, remote healthcare and wellbeing services, aiming to transform itself from a traditional M2M communication module supplier to a M2M integrated solution supplier and operation service provider. The Group also plans to develop the "Internet of Things" smart community project. This will help bring new growth drivers to the Group as a result of the vertical integration of its business, in turn helping enhance its competitive advantages and maintaining a lead position in the industry.

The CTP business is still expected to possess significant room for development. The Group will continue to expand this area of business and plans to further increase production efficiency. By integrating the production lines of the Shenyang and Shanghai plants, the Group targets to raise production capacity and efficiency by over 20%. Also, the Group will increase investment in the R&D of one glass solution (OGS) product technology and CTPs for tablets. What is more, it will seek to improve technologies, raise production capacity and expand its customer base in the coming year to achieve higher business growth.

FINANCIAL REVIEW

For the year ended 31 December 2012, the revenue from sale of handsets and solutions, wireless communication modules and display modules ("core business") for the year 2012 decreased by 16.5% to HK$2,785.2 million (2011: HK$3,334.1 million). This was attributable to the decreases in the revenue of handsets and wireless modules. The revenue from sale of residential units in Shenyang, PRC amounted to HK$140.1 million (2011: Nil). The total revenue of the Group for the year 2012, included revenue of core business and properties development, amounted to HK$2,925.3 million (2011: HK$3,334.1 million).

The gross profit for core business of the Group for the year 2012 decreased by 3.2% year-on-year to HK$260.2 million (2011: HK$268.9 million). The gross profit margin for core business increased to 9.3% (2011: 8.1%). The overall gross profit margin of the Group for the year 2012 was 9.6% (2011: 8.1%).

The Group incurred a loss of HK$96.7 million (2011: HK$25.5 million) in 2012. The significant loss incurred was mainly due to the recognition of impairment of the goodwill arising from the acquisition of a subsidiary in year 2009, together with the impairment of the intangible assets. The basic loss per share for the year 2012 was HK4.8 cents (2011: HK1.4 cents (restated)).

Research and development expenses

In 2012, the Group continued to expand its investment in the most advance technology including 4G/LTE, and development of high end smart phones and tablets. The number of design and development team members was 1,020 (2011: 1,084) in 2012. The R&D expenses, which amounted to HK$184.4 million (2011: HK$183.6 million), represented about 6.3% (2011: 5.5%) of the Group's revenue.

Selling and distribution costs

The selling and distribution costs of the Group for year 2012 decreased by 7.8% to HK$114.7 million (2011: HK$124.5 million). The ratio of the selling and distribution costs over revenue in 2012 was 3.9% (2011: 3.7%).

Administrative expenses

The Group's administrative expenses for 2012 decreased by 4% to HK$94.8 million (2011: HK$98.8 million), representing 3.2% (2011: 3.0%) of the revenue. The Group focused on putting stringent control over the administrative expenses during the reporting period and moved portion of the back-up service team to Shanghai Qingpu factory.

Segment results of core business

	Year ended 31 December 2012			Year ended 31 December 2011		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	HK$'M	***HK$'M***	***%***	*HK$'M*	*HK$'M*	*%*
Handsets and solutions	**2,091.1**	**135.7**	**6.5%**	2,608.1	143.0	5.5%
Wireless communication modules	**490.0**	**100.2**	**20.5%**	593.6	114.5	19.3%
Display modules	**204.1**	**24.3**	**11.9%**	132.4	11.4	8.6%
Total	**2,785.2**	**260.2**	**9.3%**	3,334.1	268.9	8.1%

Handsets and solutions

Under the severe price competition in the handsets market, the revenue for handsets and solutions decreased year-on-year by 19.8% to HK$2,091.1 million (2011: HK$2,608.1 million) in year 2012. The Group adjusted the business strategy in the second half of 2012, exited from the unprofitable projects with bulk shipment, and concentrated on the development of high-end ODM projects that can generate reasonable returns. As a result, the gross profit margin for this segment increased to 6.5% (2011: 5.5%) in 2012.

Wireless communication modules

In 2012, the revenue for wireless communication modules decreased by 17.5% as compared to that of year 2011, while the gross profit margin for this segment increased slightly to 20.5% (2011: 19.3%). During the reporting period, the Group determined to cease the low-end and low-margin projects so as to optimize the product mix, as a result, the revenue decreased and the gross profit margin continued to improve.

Display modules

The revenue of display modules in year 2012 increased significantly by 54.2% as compared with that in year 2011. The gross profit margin increased to 11.9% (2011: 8.6%) as the proportion of the sale of CTP modules, with higher gross profit margin, increased significantly from 19% (year 2011) to 87% in year 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2012, the Group had bank balances of HK$538.7 million (31 December 2011: HK$500.8 million), net of the cash to be refunded to shareholders on oversubscription of Rights Issue and excluding pledged bank deposits (in Renminbi and US dollars) for the purpose of US dollars borrowings, among of which 57.9% was held in Renminbi, 10.4% was held in US dollars and the remaining balance was held in Hong Kong dollars. The Group had net bank balances (total bank balances less bank borrowings and the cash to be refunded to shareholders on oversubscription of Rights Issue) of HK$522.9 million (31 December 2011: HK$161.2 million). The Group intends to finance its working capital and capital expenditure plans from such bank balances.

On 4 January 2013, the Company issued 852,499,500 rights shares at HK$0.20 per rights share and raised net proceeds after deducting the relevant expenses of approximately HK$167 million.

The turnover period of inventory, trade receivables, notes receivables and trade payables of the Group are presented below:

	2012	2011
	Days	*Days*
Inventory turnover period	**64**	63
Trade receivables period	**31**	12
Notes receivables period	**46**	41
Trade payables period	**101**	88

The increase in the turnover period of trade receivables was because the Group granted longer credit terms since June of 2012 upon the request of some renowned customers, resulted in the increase in trade receivables. In the fourth quarter of 2011, the purchase volume of the Group was large which resulted in a larger trade payables balance at the beginning of this year, whereas the purchase amount in 2012 was comparatively smaller, as a result, the trade payables turnover period increased significantly.

As at 31 December 2012, the current ratio, calculated as current assets over current liabilities, was 1.9 times (31 December 2011: 1.5 times).

Other than entering into non-deliverable foreign exchange forward contracts to eliminate the foreign exchange exposures in US dollars denominated bank borrowings, the management of the Group considered that it was not necessary to use any other financial instrument for hedging purpose or adopt any particular hedging policy.

As at 31 December 2012, the Company had 1,704,999,000 ordinary shares of HK$0.10 each in issue.

CASH FLOW STATEMENT HIGHLIGHTS

	2012	2011
	HK$' million	*HK$' million*
Net cash from (used in) operating activities	**412.7**	(41.1)
Capital expenditure	**(84.6)**	(333.3)
Development costs	**(164.8)**	(180.7)
Net decrease in bank borrowings	**(462.0)**	(147.4)
Issue of shares	–	230.0
Net proceeds received upon Rights Issue	**166.9**	
Repurchase of shares	–	(18.6)
Dividend paid	–	(68.8)
Others	**32.8**	81.3
Net decrease in cash and cash equivalents (exclude the cash to be refunded to shareholders on oversubscription of Rights Issue)	**(99.0)**	(478.6)

The Group's net increase in cash and cash equivalents for the year 2012 was primarily attributable to the cash inflow from operating activities together with the proceeds received upon Rights Issue, and have been offset by the capital expenditures and repayment of bank borrowings.

GEARING RATIO

As at 31 December 2012, the total assets value of the Group was HK$3,463.3 million (2011: HK$3,841.5 million) and the bank borrowings was HK$50.8 million (2011: HK$511.5 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 1.5% (2011: 13.3%).

EMPLOYEES

As at 31 December 2012, the Group had approximately 3,200 (2011: 4,979) 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. Total staff costs incurred by the Group amounted to HK$415.5 million (2011: HK$460.4 million) during the year 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During the 12 months ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as mentioned below, the Company has complied with the code provisions laid down in (i) the former Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period from 1 January 2012 to 31 March 2012 and (ii) the revised and renamed Corporate Governance Code as set out in Appendix 14 to the Listing Rules (both hereinafter referred to as "Corporate Governance Code") for the period from 1 April 2012 to 31 December 2012.

According to the code provision E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting of the Company and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

At the annual general meeting of the Company held on 18 May 2012 ("2012 AGM"), Ms Yeung Man Ying, the chairman of the Board, was unable to attend due to unexpected business engagement. Mr Chan Tat Wing, Richard, an executive Director and the chief finance officer of the Group, chaired the 2012 AGM on behalf of the chairman of the Board pursuant to the bye-laws of the Company and was available to answer questions. Mr Liu Hing Hung, an independent non-executive Director and the chairman of the Remuneration Committee and the Audit Committee, was also available at the 2012 AGM to answer questions from shareholders of the Company.

According to the code provision A6.7 of the Corporate Governance Code, the independent non-executive Directors should also attend general meetings of the Company.

At the 2012 AGM, Mr Xie Linzhen and Mr Dong Yunting, each an independent non-executive Director, were unable to attend due to unexpected business engagement.

Code Provision of A.2.7 of the Corporate Governance Code requires the Chairman of the Board to hold meetings at least annually with the non-executive Director (including independent non-executive Director) without the executive Directors present. As Ms Yeung Man Ying, the Chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable. Currently, the Chairman may communicate with the non-executive Directors on a one-to-one or group basis periodically to understand their concerns, to discuss pertinent issues and to ensure that there is access to adequate and complete information.

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 period under review.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting principles and practice adopted by the Group, discussed auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 December 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the respective websites of the Company (www.sim.com) and the Stock Exchange (www.hkexnews.hk). The 2012 annual 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 year.

DIRECTORS

As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Zhang Jianping, Ms Tang Rongrong, Mr Chan Tat Wing, Richard and Mr Liu Hong, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Xie Linzhen and Mr Dong Yunting.

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, 21 March 2013

* *For identification purposes only*