



For immediate release

SIM Technology 2008 Revenue Up by 3.2%

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International Business Strategy Bears Fruit 3G Solutions Development Makes Key Growth Driver

Results Highlights

- All business segment reported shipment growth
 - Group revenue increased by 3.2% to HK\$2,989 million
 - Profit down by 40.3% to HK\$144 million because of margin erosion and provisions made
 - The Board proposed a final dividend payment of HK1 cent per share, equivalent to full-year pay-out ratio of 42.2%
 - Net cash positioned at HK\$623 million
 - Management is optimistic about the outlook of the business of the Group with its international business strategy proven effective and 3G solutions development emerging as the key growth driver
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(Hong Kong, 5 March 2009) – SIM Technology Group Limited (“SIM Technology” or the “Group”; SEHK stock code: 2000), a leading mobile handset and wireless communication module solutions developer in China, today announced its annual results for the year ended 31 December 2008.

In 2008, the Group’s revenue increased by 3.2% to HK\$2,989 million, thanks to the business restructuring programme it undertook in 2007 and the rapid expansion of international business. All three business segments of the Group – mobile handset solutions, wireless communication modules and modems, and LCD modules – recorded growth in unit shipment, reflecting the success of the Group in expanding business in international markets. Affected by the economic downturn, keen competition and margin erosion in the global mobile handset market, the Group’s gross profit margin decreased to 12.8% (2007: 14.2%). As a result, net profit declined by 40.3% to HK\$144 million (2007: HK\$241 million).

Nevertheless, during the year under review, the Group maintained a strong financial position, debt-free and with ample liquidity and net cash balances amounting to HK\$623 million.

Basic earnings per share were HK9.5 cents (2007: HK15.9 cents) for the year 2008. The Board of Directors recommended payment of a final dividend of HK1 cent (2007: HK2.5 cents) per share for the year ended 31 December 2008. Together with the interim dividend of HK3 cents per share already paid, total dividend for the year will be HK4 cents (2007: HK5.5 cents) per share.

Mr. Cho-Tung Wong, Executive Director of SIM Technology, said, “In 2008, the Group was presented with both challenges and opportunities. Notwithstanding the negative impact of the financial turmoil and the intense competition in handset market, our modules business has recorded a rapid growth. As for mobile handset, we secured new global customers and unveiled a series of TD-SCDMA, WCDMA/HSDPA and SmartPhone handset solutions which translated into steady growth in revenue.”

At the continuous effort of the Group to expand international business, the proportion of overseas revenue increased by 110% during the year. The achievement was attributable to the Group having restructured its business and worked in previous years towards expanding presence in overseas markets. Currently, the Group sells products and solutions to Europe, India, Brazil, Russia, etc.

Segment Results

<i>Unit shipped (thousand units)</i>	2008	2007	Change
Mobile handset solutions	15,012	10,754	+39.6%
LCD modules	5,008	4,811	+4.1%
Wireless communication modules and modems	5,224	3,682	+41.9%

In 2008, revenue from mobile handset solutions declined by a slight 3.8% to HK\$1,729 million, accounting for 57.8% of the Group revenue. This was the result of the business mix change during the review period, which the proportion of the revenue from royalty base design service with lower ASP increased significantly. As for sales of 3G products in Mainland China, the TD-SCDMA handset and TD/CMMB TV handset developed by the Group won 14.75% and 60% respectively of two China Mobile tenders. Regarding development in overseas markets, the Group completed the first mobile handset design project for the largest handset OEM in Japan. It also continued to cooperate with major international and domestic brand customers and successfully launched different series of 2.5G to 3.5G handset solutions.

The Group's wireless communication modules and modems made record high unit shipment and revenue for the fourth consecutive year. The segment reported a 41.9% increase in sales quantity year-on-year and a revenue of HK\$807 million, which accounted for 27% of the Group total. The growth was owed to the successful execution of global expansion plans and increase in PC-related WAN application, which have also strengthened the Group's leading position as a global wireless module solution provider.

As for the LCD modules business, its revenue recorded a slight decline of 1.8% to HK\$453 million, accounting for 15.2% of the Group total whereas gross profit was up by 28% to HK\$50 million. The improvement was the result of effective cost control and success of the higher gross profit margin touch-panel sub-module in the segment.

Mr. Wong said, "Looking ahead, SIM Technology will adhere to its international business development strategy, with a special focus on expanding handset design service to leading global handset OEMs and ODM service to international brand customers and mobile operators. More importantly, the Group has developed a full range of 3G products and solutions meeting TD-SCDMA, WCDMA/HSDPA and CDMA2000 standards that fosters our solid foundation for the future success of China's 3G market.

"We expect the global handset market to remain uncertain in the coming months, but the Group has a solid foundation and is a leader in 3G solutions development, thus is confident of achieving growth in sales as well as profit in the year ahead and bringing good returns to shareholders in the long run."

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About SIM Technology Group Limited

SIM Technology Group Limited ("SIM Technology") is listed on the Main Board of the Hong Kong Stock Exchange in 2005 (stock code: 2000.HK). SIM Technology is an investments holding company, its subsidiaries including Shanghai Simcom, Shanghai Sunrise Simcom and several other companies are the leading mobile handset and wireless communication developers in China. We are able to design and develop multi-platform mobile communications terminal solutions ranging from 2.5G, 3G to 3.5G. For more information, please visit www.sim.com.

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