



## RESULTS

I am delighted to present the annual report of the Group for the year ended 31 December 2006. The Group's revenue and net profit were approximately HK\$3,419 million and approximately HK\$373 million, representing an increase of 25.71% and 28.28% respectively when compared to 2005. Basic earnings per share for the year was HK24.8 cents, representing an increase of 12.22% when compared to last year.

## PROPOSED FINAL DIVIDEND

The directors of the Company ("Directors") have recommended the payment of a final dividend of HK10.5 cents per share to shareholders whose names appear on the Register of Members of the Company on 27 April 2007. The Company's Register of Members will be closed from 25 April 2007 to 27 April 2007, both days inclusive, and the proposed final

## 業績

本人欣然提呈本集團的年報，載述本集團截至二零零六年十二月三十一日止年度的業績。本集團的收入及純利分別為約34.19億港元和約3.73億港元，與二零零五年相比分別增長25.71%和28.28%。本年度每股基本盈利為24.8港仙，較去年同期增長12.22%。

## 建議末期股息

本公司董事（「董事會」）已建議向於二零零七年四月二十七日名列本公司股東名冊的股東支付每股10.5港仙之末期股息。本公司將於二零零七年四月二十五日至二零零七年四月二十七日暫停辦理股份過戶登記（首尾兩日包括在內），



dividend will be paid on or about 8 May 2007. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 27 April 2007 (“Annual General Meeting”).

## THE WIRELESS MARKET

The priority for the Group in 2006 was to attain a leading position in the competition of several new technologies such as 3G, FMC/WiFi, mobile handsets with TV function and GPS, and our target was to become one of the major suppliers when these new technologies become formally commercialised. I am pleased to report that with the Group’s investment in its research and development resources to develop these new technologies and products during 2006, we are now in the leading position in the research and development of these new technologies and in the competition in our new focusing market – the handset market.

Another focus of the Group in 2006 was to strengthen our team in order to explore new business opportunities and to compete for a share in the international market, we need more talented people to join us. In fact, competition in the IT industry is basically competition of people. Many industry elites have joined the Group during the last half year. The Group will continue its effort in recruiting more talents and industry elites in the near future.

We have accomplished the above two significant strategic deployments in 2006, we are confident that the Group will realise its “second leap” in the the coming years.

而建議末期股息將於二零零七年五月八日前後支付。股息支付須經股東於即將於二零零七年四月二十七日召開之應屆股東周年大會（「股東周年大會」）批准，方可作實。

## 無線市場

對於本集團來說，二零零六年度最重要的工作是在3G，FMC/WiFi，電視手機以及定位導航(GPS)手機這幾項新技術的競賽中搶佔制高點，目標是當這些新技術正式商用(其中一些已經開始商用)時，本集團要成為主要供應商之一。今天，本人欣然向各位匯報，由於二零零六年來本集團將大部分的研發資源都投入到新技術、新產品的開發中，我們在這幾項新技術的研發方面或者說在手機市場這幾個新熱點的競爭中已經處於領先地位。

2006年本集團工作的另一個重點是加強團隊的建設，要想拓展新業務機會，要想在國際市場佔據一席之地，需要有更多的精英人才加入。畢竟，IT行業的競爭，歸根結底是人才的競爭。過去的半年來，已經有許多業界精英先後加入本集團。今後本集團將招募更多人材及業界精英加盟本集團。

2006年我們完成了以上兩項重大戰略部署，我們有信心在未來的數年內，本集團一定能實現第二次的飛躍。



## BUSINESS REVIEW

### Leading the field of handset independent design house in China

In 2006, the Group achieved a year of substantial growth in both revenue and profit. We further strengthened our leading position in the China handset independent design house industry while further gaining market share in China, and increased our revenue to HK\$3.4 billion. The Company was able to maintain healthy business growth together with a stable net profit margin in the handset market in China which was competitive particularly in the second half of 2006.

#### 1) *Increasing investments in technologies and solutions offered*

During 2006, the Group's research and development team continued to expand both in headcount and strategic investments in technology licensing. New technology licences obtained in 2006 included Qualcomm WCDMA/HSDPA (3.5G), Kineto UMA Fix Mobile Convergent (FMC) technology and NXP EDGE (2.75G) technology platform for WiFi and EDGE combo handset solutions.

In 2006 we have launched altogether 29 handset platforms that covered the global market from ultra low-cost handsets for developing countries including Brazil and India, to multi-media feature handsets with MP3, MPEG4, Camera, PDA, touch screen with hand written recognition and GPS function for China's mid-range market and high-end custom design handset solutions for European and US operators for EDGE/WiFi combo application and 3.5G WCDMA/HSDPA application.

#### 2) *Establishing a global customer base*

In 2006, our wireless handset solutions together with our wireless communication module solutions were shipped to more than 10 countries globally including China, Italy, Brazil, India, Russia, Spain, USA, Malaysia and Singapore. Today, China still represents our biggest business share and the Directors are pleased to report our continuous market share growth within China.

## 業務回顧

### 領導中國的獨立手機設計領域

於二零零六年，本集團獲得收入及利潤的重大增長。於中國繼續贏得市場份額的同時，進一步鞏固在中國手機獨立設計公司行業的龍頭地位，令我們的收益增至34億港元。本公司能夠在中國手機市場於二零零六年度下半年競爭尤為激烈的情況下保持穩健的業務增長以及穩定的純利率。

#### 1) *增加技術投資及解決方案的提供*

於二零零六年期間，本集團的研究及開發團隊繼續在人員數量及技術許可的策略投資方面取得突破。二零零六年內獲得的新技術許可包括Qualcomm WCDMA/HSDPA (3.5G)、Kineto UMA固網流動融合(「FMC」)技術以及WiFi與EDGE組合手機解決方案的NXP EDGE (2.75G)技術平台。

我們於二零零六年合共推出29個手機平台，覆蓋全球由針對包括巴西及印度等發展中國家的超廉價手機、針對中國中端市場具備MP3、MPEG4、攝影、PDA、附手寫識別功能的觸感屏幕及GPS功能的多媒體手機，以至針對歐美EDGE/WiFi組合應用和WCDMA/HSDPA (3.5G)應用營運商推出高端自訂手機解決方案各個市場。

#### 2) *建立全球客戶基礎*

於二零零六年，我們的無線手機解決方案以及無線通訊模塊解決方案裝運至全球逾10個國家，包括中國、意大利、巴西、印度、俄羅斯、西班牙、美國、馬來西亞及新加坡。目前，中國仍然佔我們最大的業務份額，董事欣然呈報我們在中國的市場份額繼續在不斷擴大。



In the market segment of wireless communication module solutions, Shanghai Simcom was ranked number one in China in terms of market share. On a global basis our wireless module market share was ranked number three and we are growing at a pace of 159.27% year-on-year unit shipment in 2006.

In the handset design solutions segment, we shipped a total of 7.4 million solutions in 2006 and helped customers successfully launched 269 handset models into the global market. The handset design solutions are growing at a pace of 76.97% year-on-year on unit shipment.

### 3) *Effective cost and overheads control*

In the second half of 2006, price competition was fierce in the China handset market, attributed mostly by competitions from global handset OEMs and partially by the over inventory situation after the Labor Day holidays.

Despite the fierce competitions, the Group was successful in maintaining net profit margins through effective overhead control and operational efficiency enhancement. The cost competitiveness of the Group was further improved through constructive supplier negotiations to reduce components pricing. Furthermore, our research and development (“R&D”) team helped develop competitive cost solutions and our sales team worked with customers on inventory pipeline management. Our management team’s decades of experience in the electronics market has helped the Group to overcome challenges its faced in 2006.

### **Strong financial performance and encouraging results from R&D investment**

Maintaining a strong and sustainable financial performance has always been our business goal. Throughout 2006, the Group continued to run the business with strong cash flow. Net cash generated from operations in 2006 amounted to approximately HK\$752 million. It is our goal to continue our healthy business growth whilst maintaining a net cash position at the same time. Despite the challenges in 2006, the Group achieved significant improvements in product cost and overall expense

在無線通訊模塊解決方案的市場分部方面，以市場份額計，上海希姆通是在中國市場位列第一。我們的無線模塊市場佔有率在全球名列第三，於二零零六年按裝運量年升幅 159.27% 的速度增長。

在手機設計解決方案業務方面，我們於二零零六年共裝運 7,400,000 套解決方案，幫助客戶成功地將 269 種手機型號推向全球市場。手機設計解決方案按裝運量年升幅 76.97% 的速度增長。

### 3) *有效成本和經常支出控制*

於二零零六年度下半年，中國手機市場出現激烈的價格競爭，主要由於來自全球手機原設備製造商的競爭所致，另外部分是由於勞動節假日後出現的存貨過剩所致。

儘管市場競爭激烈，本集團通過有效的費用控制和加強營運效率極為成功地保持了邊際利潤。並與供應商建設性地協商降低部件價格，使得本集團的成本競爭力得到改善，加上研究和開發（「研發」）團隊協助開發具成本競爭力的解決方案，以及銷售團隊與客戶在存貨銷售過程管理方面進行合作。憑借我們的管理層隊伍所擁有的 20 年的電子行業經驗，成功幫助本集團戰勝了在二零零六年所面對的挑戰。

### 強健的財務表現及研發投資帶來的鼓舞業績

保持強勁及持續增長之財務表現，乃一直為本集團之業務目標。於二零零六年全年，本集團業務持續在充沛的現金流下經營。二零零六年經營產生之現金約達 752,000,000 港元，而本集團旨在促進業務持續增長之同時並維持淨現金流入狀況。儘管二零零六年有諸多挑戰，但透過擴大經營規模及提高生產能力，二零零六



effectiveness through increasing its scale of operations and higher productivity. In addition to achieving strong revenue and higher profits, the Group was able to maintain its net profit margin at 10.91% despite a slight decline in overall gross profit margin to 14.74% as compared to 16.28% in 2005.

Our goal is to achieve continuous strong operational and financial performance whilst creating best value and return for our shareholders.

## BUSINESS OUTLOOK

### 1) *Global operators custom handset design*

We have been engaging with 13 global operators on various custom handset solution projects in 2006. In 2007, we will start establishing global sales and marketing presence led by our international sales and marketing senior vice president Mr Michael Fu in order to support the local operators in their custom handset projects launches.

### 2) *Increasing resources in R&D to support new product launches*

In the second half of year 2006, we had a controlled growth in our in-house R&D team and used engineering out-sourcing to support some of the lower priority projects. In year 2007, we will increase the speed of expanding our in-house R&D team development in order to support new technology platforms including TV-phones, game phones, GPS phones, EDGE phones, pocket PC phones and 3.5G HSDPA solutions.

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

The Group, in late 2006, was awarded the TD-SCDMA preliminary approval licence by The Ministry of Information Industry of the PRC for our single mode TD-SCDMA handset model. Together with our designed single mode TD-SCDMA handset model for a global OEM customer, we have two solutions supporting the current “friendly user” test program run by the PRC government.

年產品成本及整體開支效率顯著改善，除收益強勁及利潤更高之外，我們得以將純利率維持在10.91%的水平，儘管毛利率相對於二零零五年的16.28%稍有下降至14.74%。

本集團之目標一直為在為我們的股東創造最大價值及回報的同時驅使持續發展。

## 業務展望

### 1) *全球營運商自訂手機設計*

於二零零六年，我們一直與13家全球營運商在各種各樣的自訂手機解決方案項目上進行協商。於二零零七年，我們將著手建立全球銷售及市場推廣覆蓋，從而為當地營運商的自訂手機項目啟動提供支援，此等活動將由我們的「國際銷售及市場推廣」高級副總裁傅浩強先生領導。

### 2) *增加研發資源，支援推出新產品*

於二零零六年度下半年，我們對內部研發隊伍實施受控制增長，並採用工程外判支援部分優先級比較低的項目。於二零零七年，我們將加快內部研發隊伍的擴充，以支援新技術平台，包括電視手機、遊戲手機、GPS手機、EDGE手機、袖珍電腦智能手機以及3.5G HSDPA解決方案。

### 3) *中國3G TD-SCDMA*

本集團在二零零六年後期獲中國信息產業部授予我們的單制式TD-SCDMA的TD-SCDMA初審牌照。連同我們為一家全球OEM客戶設計的單制式TD-SCDMA手機型號，我們共有兩項方案支援當前由中國政府推行的「友好用戶」測試項目。



Also, our developing dual mode TD-SCDMA handset model is expected to be ready for launch around June or July of 2007. The Directors believe the potential of the China 3G handset market is huge and our current strong market position will enable us to be one of the leading China 3G handset solution suppliers.

#### 4) *Wireless module solution up-scaling*

The Directors are committed to maintain our strong market position in wireless module applications. Investments have been made in cost improvement for the low-end models, which, together with higher integration of system hardware and software engineering support will give the Group a strong competitive edge in the global market.

## PROSPECTS

The Directors expect the global mobile handset demand will maintain a steady growth in the coming years. The Directors also believe there will be a significant growth in the newly developing technologies like WiFi combo solutions for FMC fix mobile convergent applications in China 3G TD-SCDMA and 3.5G WCDMA/HSDPA.

The Directors are delighted to have new young talents including Mr Michael Fu (senior vice-president for international sales and marketing team), Mr Derick Tsang (co-general manager for wireless module business unit), Ms Sherry Xu (senior director for corporate sourcing) and Mr Zhemin Li (general manager for TD-SCDMA business unit) joining our management team and are optimistic about our business future.

**Wong Hei, Simon**

*President*

Hong Kong

14 March 2007

此外，我們正在開發的雙制式TD-SCDMA手機型號，預期將於二零零七年六月或七月前後推出，董事相信中國的3G手機市場未來數年的潛力極大，我們目前強大的市場地位將使我們成為中國主要的3G手機解決方案供應商之一。

#### 4) *無線模塊解決方案不斷升級*

董事致力維持我們在無線模塊應用領域的強大市場地位。已在低端機型的成本改善上投入資金，加上系統硬件與軟件整合程度增加，將為本集團帶來在全球市場上的強大競爭力。

## 前景

董事預期未來數年全球手機需求將持續穩定增長。在諸如固網流動融合應用的WiFi組合解決方案、中國的3G TD-SCDMA及3.5G WCDMA/HSDPA等新技術領域，董事相信將會有顯著增長。

董事歡迎傅浩強先生(國際銷售及市場推廣團隊之高級副總裁)、曾兆強先生(無線模塊業務部聯席總經理)、徐竝女士(企業採購部高級總監)及李哲民先生(TD-SCDMA業務部總經理)等年輕人才加盟我們的管理團隊，並對我們的業務前景抱樂觀態度。

**王曦**

*總裁*

香港

二零零七年三月十四日