



**SIM Technology**

# **SIM Technology Group Limited**

( Incorporated in Bermuda with limited liability )

( Stock Code : 2000 )



Interim Report  
2015

## MARKET AND BUSINESS REVIEW

### Business Review

SIM Technology Group Limited ("Company") and its subsidiaries ("Group") has formulated and implemented effective strategies starting from 2013: to maintain the growth in its quality Original Design Manufacturer ("ODM") consumer handset business while continuing to enlarge the market share of its wireless communications modules business domestically and overseas; and actively expand the industrial application terminals business and new businesses. Reviewing 2014, the Group has reaped results in its business positioning and development strategies. In the first half of 2015, the Group has continued to maintain a steady course of business development with growth in revenue, gross profit and gross profit margin in all of its core businesses, which has laid a solid foundation for the future sustainable growth of its overall business.

For the handsets and solutions business, the Group has focused to develop more customised and differentiated products and has actively explored and served mid-range to high-end branded customers in the industrial applications and Internet of Things ("IOT") terminals businesses. Regarding industrial terminal products designed for the logistics, scanning, payment, police operation and specific segments as well as waterproof, dust-proof and shock-resistant terminals, the Group has continued to expand customer markets and invest in the new product development. During the period under review, the shipment of consumer handsets has seen steady growth and the shipment of industrial application terminals has increased. Gross profit margin and gross profit of the handset business have also shown an increase as compared to the same period last year.

During the reporting period, both shipment volume and revenue of the Group's wireless communications modules business have grown strongly by more than 25%. The growth was attributable to (i) the varying increases in demand in domestic and overseas markets, especially in Europe and the United States ("US") markets which saw a 30% year-on-year increase in overall shipments and (ii) a year-on-year surge of 120% in the shipment of the 3G/4G products with higher selling price.



## CHAIRMAN'S STATEMENT

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As for the IOT business, the Group has continued to accelerate the development of the value-added services for the intelligent automatic vending machine industry and at the same time to expand the cloud-based vending machine network through franchises and co-operation business models. Moreover, it has also developed a cloud computing and big data service platform, which has been applied in areas such as smart communities, smart home elderly services, the "internet of vehicles", property facilities management teams such as security and engineering maintenance, etc.

During the period under review, the Group's handset automated test equipment has secured orders from domestic handset manufacturers in the People's Republic of China ("PRC"). The business of several co-operative companies engaging in automation integration has been progressing well with their key products focusing on today's most labour-intensive sectors in the PRC manufacturing industry. Driven by the emerging trend of intelligent robotic manufacturing in the PRC, the Group's intelligent manufacturing business has experienced the fastest growth during the period under review.

### **Handsets and solutions business**

With the gradual reduction in subsidies for domestic handset operators, operators in the handset market have less and less influence. The domestic handset market has gradually resumed its traditional role as a market driven by brands, products and services. Thus the Group has greatly reduced its investment in the operator market and focused its efforts on customised services, differentiated customers and products as well as industrial application and IOT terminals.

Benefitting from the Group's expansion in the differentiated consumer handset and industrial application terminal market in the past two years, the shipment volume of its handset terminals has recorded greater growth in the first half of 2015. However, the sales did not show apparent growth due to greater reduction in the selling price of the handsets resulting from the rapid growth in the size and the popularity of the 4G handset market. The gross profit margin and gross profit have risen due to the increase in the shipment of industrial application terminals.

The Group has actively sought and served mid-range to high-end branded customers. For its consumer product lines, the Group has collaborated with a domestic electronic product brand to develop a product which is scheduled to commence mass production and shipment in the near future. Meanwhile, the Group is negotiating with other major brands for partnership opportunities. As for the industrial application terminals, the Group has continued to develop new products and new markets in the logistics, scanning, payment, police operation, and other specific segments as well as the segment of terminals with waterproof, dust-proof and shock-resistant functions. As the products developed in the first half of the year have commenced mass production, the Group expects its industrial application terminal business to grow steadily in the second half of the year. At the same time, the Group is actively exploring overseas markets such as Japan, Europe and the US so as to lay a solid foundation for business growth in the next year.

### **Wireless communication modules business**

In the first half of 2015, the Group has recorded more than 25% growth in overall shipment volume and revenue of wireless communication modules. The growth was attributable to the (i) varying increases in demand in domestic and overseas markets, especially in Europe and the US markets which saw a 30% year-on-year increase in overall shipments and (ii) a year-on-year surge of 120% in the shipment of the 3G/4G products with higher selling price.

The overall IOT market in the PRC is at a stage of expanding demand. The IOT has been mainly applied in new markets such as the "internet of vehicles", mobile payment, electricity and health care markets. The Group has successfully captured the 4G demand in the electricity market in the PRC. In the first round of project tendering during the first half of 2015, the Group has won more than 80% of the bids it submitted in the market in relation to module projects, demonstrating its market leadership. In the mobile payment Point-of-Sale ("POS") area, the Group has forged strategic alliances with several major customers in the POS industry, thereby generating a handsome volume of businesses for the Group. As for the "internet of vehicles" market, the Group's wireless communication modules business has maintained more than 50% market share. This year, the Group has stepped up efforts in the development of new products, PRC-made GPS modules, which has commenced mass production in order to meet the tender requirements set by the Ministry of Transport of the PRC.



## CHAIRMAN'S STATEMENT

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In overseas markets, the 18 Eurozone countries have encountered challenges and remain in the midst of a tough economic period. Under this circumstance, the European customers have preferred suppliers who are able to provide modules with a high price-performance ratio in order to boost their market competitiveness. The Group's own high-price performance product line has increased its competitive edge over its European and US competitors and at the same time has satisfied the increasing demand of the overseas 3G/4G LTE module markets. Consequently, the Group has recorded a growth of 30% in sales in the European market during the period under review. In the US, the phasing out of the 2G network and the shift to 3G and 4G networks has become the dominant trend. In addition, our LTE module SIM7100A was certified by the US operator AT&T which is expected to boost the shipment volume, sales and profit of our modules in the US. In India, Asia's second largest market, the Group has leveraged its leading position in the market to achieve significant results in different fields such as Automated Meter Reading (AMR) and fleet telematics resulting in a record sales performance in India. In Japan and Korea, the operators have completed construction of the 4G LTE network and we have also attained certification by major local operators. For example, our 4G LTE module has been certified by SOFTBANK.

### **IOT business**

In the past few years, the Group has leveraged its advantages in information technology and has built a cloud computing and big data service platform to address the needs of various industry sectors. A series of IOT application integrated solutions has been developed, including smart home elderly service systems, health monitoring systems, vehicle anti-theft management systems, management systems for property security and maintenance, management systems for student safety and an automatic vending machine online-to-offline ("O2O") service platform.

The Group has revamped the traditional operation mode of vending machines by developing a digital and online operating platform for vending machines. This can be regarded as a typical "Internet Plus" or "Plus Internet" business model. Firstly, all vending machines with Internet connections transfer the status and transaction information of the vending machine in real-time to the cloud platform. Secondly, the vending machine has consolidated different online payment functions such as QuickPass, Alipay and WeChat. Besides, key controller, large display screen, and free WIFI hot spots have been installed on the vending machines for internet access. With such a comprehensive O2O platform, this business poses huge development potential. After development for more than one year, most of the Group's vending machines are located in economically prosperous regions such as the Yangtze River Delta and Pearl River Delta regions. During the period under review, owing to rapid business growth of Shanghai Yunhao Trading Limited (a subsidiary of the Group) and the increase in franchisees, the number of automatic vending machines has risen substantially. In spite of keen competition in the automatic vending machine industry, the per capita vending machine rate in the PRC is still very low. With higher labour cost and the development of the fast moving consumer goods industry, our vending machine business is expected to maintain sustainable growth.

### **Intelligent manufacturing business**

The Group has been developing integration technology for robotic applications for the past three years. Utilising its handset and communication module factory as the testing base, the Group has integrated the standard robot and visual system and developed a set of handset motherboard automatic testing equipment. As the equipment can replace a large number of labour on the production line, it has attracted widespread recognition from handset manufacturers. Currently, several major handset processing factories have ordered this equipment, making the Group a handset manufacturing equipment supplier.

As such, the Group has set up a robotic intelligent manufacturing association, which aims to replace labour with robots in the labour intensive manufacturing industries in the PRC. The Group has also acquired and merged with seven small companies with expertise in robot integration technologies, including robot arms for CNC engraving and stamping, which marks an advance into the non-handset robotic segment.



## CHAIRMAN'S STATEMENT

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In line with the requirements of Industry 4.0 of the German government and Made in China 2025 of the PRC government, the Group is conducting a fundamental restructuring and optimisation of the production and management models of our factories with the aim to increase automation, digitalisation, networking and intelligent applications. The Qingpu factory of the Group has been designated as a demonstration model for Made in China 2025 by the Shanghai Economic and Information Technology Commission and the designation has been reported to the Ministry of Industry and Information Technology.

To show the significance that we attach to intelligent manufacturing, the Group has been recruiting top talent from overseas to develop visual software and algorithms, and plans to develop a series of automated visual inspection equipment on this basis in order to replace millions of labour in China. The Group believes that its own intellectual property rights can provide the core competitiveness that other players cannot easily replicate in the highly competitive market in the future.

### Properties development

As at 30 June 2015, Phase I of "The Riverside Country" (晨興 • 翰林水郡), which is located in Shenyang City, the PRC, has a total of 404 residential units, of which 389 units had been sold. Phase II has a total of 756 residential units, of which 612 units had been sold while in the completed section of Phase III, 45 units had been sold.

As at 30 June 2015, Phase I of "Seven River in Sweet" (七里香溪), which is located in Taizhou City, the PRC, 135 residential units which had been sold and is expected to be delivered in the fourth quarter of 2015.

The revenue recognised for the first half of 2015 amounted to HK\$66.4 million (2014: HK\$57.5 million) with gross profit margin of 18.5% (2014: 27.4%).

### Interim dividend

The board ("Board") of directors of the Company ("Directors") does not recommend the payment of interim dividend to the shareholders of the Company ("Shareholders") for the six months ended 30 June 2015.

## PROSPECTS

The Group will continue to implement its ongoing strategies, i.e., establishing a presence in the ODM consumer handset business and developing industrial application terminals business which are in line with the "Internet Plus" strategic directive. In view of the continuous global uptake of 4G applications, the Group will adhere to its customised and differentiated approach. Business from new and old high-end customers is expected to generate stable revenue growth. Industrial application terminals in line with the "Internet Plus" strategic directive are to be delivered gradually, which should generate reasonable gross profit for the Group.

The IOT is growing rapidly and affecting virtually all major segments of the global economy. In the past few years, the Group's wireless communication module business has occupied a leading presence in the world. In the future, the Group will continue to develop local and overseas markets and further enlarge its market share. As 3G/4G LTE modules have obtained the certification in the US and Japan, the proportion of these products will increase considerably in the wireless communication business. As their unit price and gross profit are much higher than those of the 2G products, a significant increase in turnover and margin is expected. The Group has confidence that it can maintain the role as a major supplier of wireless communication modules in the world.

Regarding the system, equipment and operation of IOT, the Group will continue to enhance the development of value-added business in the smart vending machine industry, and capitalise on the franchises and co-operation models to quickly expand the scale of its cloud vending machine business. Besides, the Group will continue the development of its smart city, smart community and the "internet of vehicles" businesses, as well as IOT projects in retirement homes, healthcare and education industries.

Intelligent robotic manufacturing is a new business for the Group, and it is also the segment with the strongest potential for development. After three years' efforts, the Group has assumed the leading position in this segment. As the PRC manufacturing industry is at the peak of transformation through robotic intelligence, the segment will see robust growth and the Group will increase related investment and strive to seize the available opportunity. The Group will consolidate quality intelligent integration of companies in different industries to expand its business scale. In the next few years, the intelligent manufacturing business is expected to grow several times as the Group becomes the major supplier of intelligent manufacturing equipment made in the PRC.





# CHAIRMAN'S STATEMENT

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The management believes that the Group has passed through the most challenging time in its transformation process, and its new growth driver has found its way, establishing the foundation and completing its layout. Therefore, the management has confidence that the new businesses will lead the Group's development to the next level in the coming years.

## 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 contribution throughout the reporting period.

**Yeung Man Ying**

*Chairman*

Hong Kong, 21 August 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2015 ("1H-2015"), the revenue of the Group was HK\$1,124.8 million (2014: HK\$925.4 million), in which the revenue from sale of handsets and solutions, wireless communication modules, display modules, internet of things business and intelligent manufacturing business (together, "core business") increased significantly by 21.9% to HK\$1,058.4 million (2014: HK\$867.9 million) as compared with that of the first half of 2014 ("1H-2014"). The increase in the revenue of core business was mainly attributable to the significant increase in the revenue of internet of things business in 1H-2015. The revenue from the sale of residential units in Shenyang and Taizhou, PRC was HK\$66.4 million in 1H-2015 (2014: HK\$57.5 million).

The gross profit for 1H-2015 for core business of the Group increased substantially year-on-year by 47.5% to HK\$165.4 million (2014: HK\$112.1 million). The gross profit margin for core business increased to 15.6% (2014: 12.9%). The overall gross profit margin of the Group for 1H-2015 was 15.8% (2014: 13.8%).

As a result of the increase in revenue and the gross profit in 1H-2015, the Group achieved a profit attributable to owners of the Company of HK\$16.5 million (2014: HK\$5.0 million). The basic earnings per share for 1H-2015 was HK0.6 cent (2014: HK0.2 cent).

### Segment results of core business

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Revenue HK\$'M	Gross profit HK\$'M	Gross profit margin %	Revenue HK\$'M	Gross profit (loss) HK\$'M	Gross profit (loss) margin %
Handsets and solutions	625	92	14.8	618	82	13.4
Wireless communication modules	286	44	15.3	228	34	15.0
Internet of things business	121	17	14.5	7	1	4.2
Intelligent manufacturing business	26	12	43.9	-	-	-
Display modules	-	-	-	15	(5)	(33.6)
<b>Total</b>	<b>1,058</b>	<b>165</b>	<b>15.6</b>	<b>868</b>	<b>112</b>	<b>12.9</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

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## Handsets and solutions

The revenue for handsets and solutions of 1H-2015 increased slightly by 1.0% to HK\$624.7 million (2014: HK\$618.3 million) as compared to that of 1H-2014. Due to the increase in the shipment proportion of industrial application terminals, the gross profit margin for this segment increased to 14.8% (2014: 13.4%) in 1H-2015.

## Wireless communication modules

In 1H-2015, the revenue for wireless communication modules increased significantly year-on-year by 25.5%, while the gross profit margin increased to 15.3% (2014: 15.0%). The growth was attributable to (i) the increase in demand in domestic and overseas market and (ii) the year-on-year surge of 120% in the shipment of the 3G/4G products with higher selling prices.

## IOT business

Owing to rapid business growth in this segment and the increase in franchisees, the number of automatic vending machines has risen substantially in 1H-2015. As a result, the revenue of IOT business increased over 16 times as compared to that of 1H-2014 while the gross profit margin increased to 14.5% (2014: 4.2%).

## Intelligent manufacturing business

During 1H-2015, the Group's handset automated test equipment has secured orders from domestic handset manufacturers in the PRC. The revenue of this new business segment amounted to HK\$26.5 million for 1H-2015 (2014: N/A) and the gross profit margin was 43.9%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### *Liquidity*

As at 30 June 2015, the Group had bank balances and cash of HK\$347.6 million (31 December 2014: HK\$291.8 million), of which 78.2% was held in Renminbi, 21.7% was held in US dollars and the remaining balance was held in Hong Kong dollars. The Group also had pledged bank deposits of HK\$25.3 million (31 December 2014: HK\$40.9 million) in Renminbi for the purpose of the Group's US dollars borrowings. The Group intends to finance its working capital and capital expenditure plans from such bank balances. The Group has pledged certain of its assets (including bank deposits, property, plant and equipment, notes receivables and land use rights) to secure the bank borrowings. The total bank borrowings of the Group amounted to HK\$329.1 million (31 December 2014: HK\$319.0 million), all of which were denominated in US dollars and at floating interest rates and repayable within one year.

### *Operating efficiency*

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

	30 June 2015 Days	31 December 2014 Days
Inventory turnover period	41	53
Trade and notes receivables turnover period	45	41
Trade and notes payables turnover period	54	56

As at 30 June 2015, the current ratio, calculated as current assets over current liabilities, was 1.9 times (31 December 2014: 2.1 times).

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Treasury policies*

The Group adopts a prudent approach in its treasury policy. The Group's surplus funds are held under fixed and savings deposits in reputable banks to earn interest income. As at 30 June 2015, the Group has entrusted a total amount of HK\$167.6 million under certain asset management agreements for an investment period from six months to two years. During 1H-2015, the Group did not have any other security or capital investments or derivative investments.

As at 30 June 2015, the Company had 2,557,896,300 ordinary shares of HK\$0.10 each in issue.

## CASH FLOW STATEMENT HIGHLIGHTS

The following is the highlights of the cash flow statement of the Group for 1H-2015 and 1H-2014:

	1H-2015 HK\$'M	1H-2014 HK\$'M
<b>Net cash from/(used in) operating activities</b>	<b>32.3</b>	(102.3)
Capital expenditure	(7.3)	(11.2)
Proceeds on disposal of equipment	13.5	8.7
Development costs	(79.6)	(62.1)
Net increase in bank borrowings	2.3	133.6
Deposits received for disposal of an associate	1.3	13.1
Net decrease in entrusted loan receivables	–	(37.5)
Advance from a director	54.6	–
Others	0.6	(1.6)
Net increase (decrease) in cash and cash equivalents (including pledged bank deposits and structured deposits)	17.7	(59.3)

# MANAGEMENT DISCUSSION AND ANALYSIS



## GEARING RATIO

As at 30 June 2015, the total assets value of the Group was HK\$3,278.8 million (31 December 2014: HK\$3,074.6 million) and the bank borrowings was HK\$329.1 million (31 December 2014: HK\$319.0 million). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 10.0% (31 December 2014: 10.4%).

## EMPLOYEES

As at 30 June 2015, the Group had approximately 2,740 (31 December 2014: 2,180) 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.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the human resources department. The Group seeks to provide remuneration packages on the basis of the merit, qualifications and competence of the employees.

The emoluments of the Directors and senior management of the Company are reviewed by the remuneration committee of the Board, having regard to factors including the Group's operating results, responsibilities of the Directors and senior management and comparable market statistics.

The Company has adopted a pre-listing share option scheme ("Pre-IPO Share Option Scheme") to recognise and reward the contribution of certain Directors and employees of the Group to the growth and development of the Group. The Group has also adopted a post-listing share option scheme ("Post-IPO Share Option Scheme"), the primary purpose of which is to motivate the eligible persons referred to in the scheme, which includes executive Directors and employees of the Group, to optimise their future contributions to the Group and to reward them for their efforts.



# MANAGEMENT DISCUSSION AND ANALYSIS

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## FOREIGN EXCHANGE EXPOSURE

Certain sales and purchases of inventories of the Group are denominated in US dollars. Furthermore, certain trade receivables, trade payables, bank balances and bank borrowings are denominated in US dollars, therefore exposing the Group to the currency risk of US dollars. During 1H-2015, the Group did not use any financial instrument for hedging purpose but it will consider entering into non-deliverable foreign exchange forward contracts to eliminate the foreign exchange exposures in US dollars when necessary.

## FUTURE PLANS FOR MATERIAL INVESTMENT

As at 30 June 2015, the Group did not have any other plans for material investment or capital assets save as disclosed in this report.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the 1H-2015, the Group did not have any material acquisition or disposal of subsidiaries or associated companies save as disclosed in this report.

## CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities.

# INTERIM FINANCIAL STATEMENTS

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SIM TECHNOLOGY GROUP LIMITED (Incorporated in Bermuda with limited liability)

### Introduction

We have reviewed the condensed consolidated financial statements of SIM Technology Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 49, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other persons for the content of this report.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





# INTERIM FINANCIAL STATEMENTS

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## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
21 August 2015

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTES	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	1,124,772	925,372
Cost of sales		(947,133)	(797,488)
Gross profit		177,639	127,884
Other income	5	48,009	34,627
Other gains and losses	5	(3,702)	5,432
Research and development expenses		(71,465)	(72,119)
Selling and distribution costs		(55,107)	(38,696)
Administrative expenses		(58,859)	(41,357)
Share of result of an associate		(473)	-
Finance costs		(4,972)	(2,728)
Profit before taxation		31,070	13,043
Taxation	6	(13,910)	(2,871)
Profit for the period	7	17,160	10,172
Profit for the period attributable to:			
Owners of the Company		16,465	4,977
Non-controlling interests		695	5,195
		17,160	10,172
Earnings per share (HK cents)	9		
Basic		0.6	0.2
Diluted		0.6	0.2

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	17,160	10,172
Other comprehensive income (expense):		
Items that may not be subsequently reclassified to profit or loss for the period:		
Exchange difference arising on translation to presentation currency	2,609	(25,338)
Total comprehensive income (expense) for the period	19,769	(15,166)
Total comprehensive income (expense) attributable to:		
Owners of the Company	19,004	(18,592)
Non-controlling interests	765	3,426
	19,769	(15,166)

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	NOTES	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	10	364,140	363,850
Property, plant and equipment	10	420,701	467,294
Land use rights		98,754	100,154
Intangible assets	10	109,388	76,693
Deferred tax assets	12	47,262	47,556
Finance lease receivables		8,696	11,146
Interest in an associate		1,224	1,694
Available-for-sale investments		16,875	16,875
Entrusted loan receivables	13	50,240	-
Consideration receivable	19	1,807	-
		<b>1,119,087</b>	<b>1,085,262</b>
<b>Current assets</b>			
Inventories		492,088	354,365
Finance lease receivables		10,661	7,661
Properties under development for sale		231,692	455,948
Properties held for sale		326,689	95,306
Trade and notes receivables	14	264,929	255,746
Other receivables, deposits and prepayments		292,320	249,897
Amounts due from non-controlling shareholders of a subsidiary	16	2,512	-
Consideration receivable	19	750	-
Entrusted loan receivables	13	117,315	167,315
Pledged bank deposits		25,298	40,913
Structured deposits		18,840	41,441
Bank balances and cash		347,641	291,762
		<b>2,130,735</b>	<b>1,960,354</b>
Asset classified as held for sale	11	28,990	28,967
		<b>2,159,725</b>	<b>1,989,321</b>

# INTERIM FINANCIAL STATEMENTS

	NOTES	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Current liabilities			
Trade and notes payables	15	455,193	406,823
Other payables, deposits received and accruals		225,100	182,655
Amounts due to non-controlling shareholders of subsidiaries	16	49,736	35,140
Amount due to a director	16	54,600	–
Bank borrowings	17	329,054	318,960
Tax payable		10,610	7,758
		<b>1,124,293</b>	951,336
Liability associated with asset classified as held for sale	11	17,508	16,252
		<b>1,141,801</b>	967,588
Net current assets		<b>1,017,924</b>	1,021,733
Total assets less current liabilities		<b>2,137,011</b>	2,106,995
Capital and reserves			
Share capital	18	255,790	255,750
Reserves		1,676,818	1,656,261
Equity attributable to owners of the Company		<b>1,932,608</b>	1,912,011
Non-controlling interests		92,835	86,443
Total equity		<b>2,025,443</b>	1,998,454
Non-current liabilities			
Deferred tax liabilities	12	64,570	61,401
Deferred income		46,998	47,140
		<b>111,568</b>	108,541
		<b>2,137,011</b>	2,106,995

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000 (Note a)	Other reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Properties revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	255,750	831,188	27,599	97,091	30,624	82,012	2,282	279,093	275,308	1,880,947	78,101	1,959,048
Profit for the period	-	-	-	-	-	-	-	-	4,977	4,977	5,195	10,172
Other comprehensive expense for the period	-	-	-	-	-	-	-	(23,569)	-	(23,569)	(1,769)	(25,338)
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	(23,569)	4,977	(18,592)	3,426	(15,166)
Transfer upon forfeiture of share options	-	-	-	-	(1,560)	-	-	-	1,560	-	-	-
Recognition of equity settled share based payments	-	-	-	-	1,939	-	-	-	-	1,939	-	1,939
At 30 June 2014 (unaudited)	255,750	831,188	27,599	97,091	31,003	82,012	2,282	255,524	281,845	1,864,294	81,527	1,945,821
At 1 January 2015 (audited)	255,750	831,188	27,599	97,091	32,374	102,827	2,282	261,495	301,405	1,912,011	86,443	1,998,454
Profit for the period	-	-	-	-	-	-	-	-	16,465	16,465	695	17,160
Other comprehensive income for the period	-	-	-	-	-	-	-	2,539	-	2,539	70	2,609
Total comprehensive income for the period	-	-	-	-	-	-	-	2,539	16,465	19,004	765	19,769
Issue of new shares upon exercising of share options	40	101	-	-	-	-	-	-	-	141	-	141
Transfer upon exercise of share options	-	74	-	-	(74)	-	-	-	-	-	-	-
Acquisitions of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	-	5,627	5,627
Share options lapsed	-	-	-	-	(3,400)	-	-	-	3,400	-	-	-
Recognition of equity settled share based payments	-	-	-	-	1,452	-	-	-	-	1,452	-	1,452
At 30 June 2015 (unaudited)	255,790	831,363	27,599	97,091	30,352	102,827	2,282	264,034	321,270	1,932,608	92,835	2,025,443



## INTERIM FINANCIAL STATEMENTS

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Notes:

- (a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, the subsidiaries established in the PRC shall set aside 10% of their net profit after taxation to the statutory surplus reserve fund (except where the reserve has reached 50% of the subsidiaries' registered capital). The reserve fund can only be used, upon approval by the board of directors of the relevant subsidiaries and by the relevant authority, to offset accumulated losses or increase capital.
- (b) Other reserve is arisen from a reorganisation in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	125,826	88,511
Increase in properties under development for sales and properties held for sales	(6,576)	(42,158)
Other movements in working capitals	(87,293)	(146,805)
Cash generated from (used in) operations	31,957	(100,452)
Interest received	8,666	2,045
Tax paid	(8,318)	(3,827)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>32,305</b>	<b>(102,234)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,339)	(11,247)
Proceeds on disposal of property, plant and equipment	13,497	8,737
Expenditure paid for intangible assets	(79,602)	(62,056)
Deposits received for disposal of an associate	1,256	13,063
Net cash used in disposal of a subsidiary	(465)	-
Net cash from acquisitions of subsidiaries	5,629	-
Investment in entrusted loan receivables	(50,240)	(37,500)
Receipt of entrusted loan receivables	50,240	-
Withdrawal of structured deposits	22,642	32,000
Placement of pledged bank deposits	(58,702)	(63,229)
Withdrawal of pledged bank deposits	74,358	43,508
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(28,726)</b>	<b>(76,724)</b>



# INTERIM FINANCIAL STATEMENTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	323,776	322,879
Repayments of bank borrowings	(321,477)	(189,292)
Interest paid	(4,972)	(2,728)
Advance from a director	54,600	–
Advance from a non-controlling shareholder of a subsidiary	–	5,000
Net proceeds from issue of shares upon exercise of share options	141	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>52,068</b>	<b>135,859</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>55,647</b>	<b>(43,099)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>291,762</b>	<b>255,440</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>232</b>	<b>(2,026)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>347,641</b>	<b>210,315</b>

# INTERIM FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

### 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.

The company is an investment holding company. The principal activities of its subsidiaries are manufacturing, design and development and sale of display modules, handsets and solutions, wireless communication modules, carrying out internet of things business and intelligent manufacturing business and property development in the PRC.

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

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties, which are measured at fair values. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.



# INTERIM FINANCIAL STATEMENTS

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## 3. REVENUE

Revenue represents the amounts received and receivable for goods sold net of discounts and sales related taxes, interest income generated from equipments financial leasing to outsiders and service income generated from service provided to outsiders.

## 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, being the executive directors, for the purpose of allocating resources to segments and assessing their performance.

During the six month period ended 30 June 2015, the Group was organised into six (2014: five) reportable and operating segments – sale of handsets and solutions, sale of wireless communication modules, internet of things business, intelligent manufacturing business, sale of display modules and property development (2014: sale of handsets and solutions, sale of wireless communication modules, internet of things business, sale of display modules and property development).

During the current period, intelligent manufacturing business has been regarded as a reportable segment of the Group. Intelligent manufacturing business is principally selling equipment and providing services to customers, who are mainly manufacturers, to enhance the production efficiency of the customers through automation and intellectualisation of manufacturing process.

# INTERIM FINANCIAL STATEMENTS

## Segment revenue and results

### Six months ended 30 June 2015 (Unaudited)

	Sale of handsets and solutions HK\$'000	Sale of wireless and communication modules HK\$'000	Internet of things business HK\$'000	Intelligent manufacturing business HK\$'000	Sale of display modules HK\$'000	Property development HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
	(Note)								
Revenue									
External sales	624,683	286,359	120,887	26,460	-	66,373	1,124,772	-	1,124,772
Segment profit (loss)	8,121	29,124	(5,509)	(8,883)	(5,288)	3,887	21,452	-	21,452
Other income and other gains and losses									24,059
Share of result of an associate									(473)
Corporate expenses									(8,996)
Finance costs									(4,972)
Profit before taxation									31,070

# INTERIM FINANCIAL STATEMENTS

## Six months ended 30 June 2014 (Unaudited)

	Sale of handsets and solutions HK\$'000	Sale of wireless communication modules HK\$'000	Internet of things business HK\$'000 (Note)	Sale of display modules HK\$'000	Property development HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Revenue								
External sales	618,291	228,233	6,938	14,438	57,472	925,372	-	925,372
Inter-segment sales	-	-	-	345	-	345	(345)	-
<b>Total</b>	<b>618,291</b>	<b>228,233</b>	<b>6,938</b>	<b>14,783</b>	<b>57,472</b>	<b>925,717</b>	<b>(345)</b>	<b>925,372</b>
Segment profit (loss)	9,440	4,790	137	(16,431)	7,612	5,548	-	5,548
Other income and other gains and losses								21,495
Corporate expenses								(11,272)
Finance costs								(2,728)
Profit before taxation								<b>13,043</b>

Note: The internet of things business is still in developing stage in the current period. The revenue of this segment represents the income generated from equipment finance lease services and sale of goods to vending machine customers and franchisees.

During six months period ended 30 June 2014, inter-segment sales were charged at mutually agreed terms.

# INTERIM FINANCIAL STATEMENTS

Segment result represents the financial result by each segment without allocation of rental income, interest income (except for the interest income generated from finance lease business), certain other income, certain net exchange gain, share of result of an associate, corporate expenses, changes in fair value of investment properties, finance costs and taxation.

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
<b>Segment assets</b>		
Sale of handsets and solutions	877,781	746,467
Sale of wireless communication modules	539,990	491,160
Internet of things business	172,611	65,862
Intelligent manufacturing business	67,263	-
Sale of display modules	-	64,542
Property development	598,568	590,725
Total segment assets	<b>2,256,213</b>	<b>1,958,756</b>
<b>Segment liabilities</b>		
Internet of things business	17,798	18,845
Intelligent manufacturing business	29,615	-
Sale of display modules	11	75,506
Property development	110,537	154,227
Attributable to operating segments other than sale of display modules, property development and internet of things business ( <i>Note</i> )	614,296	405,072
Total segment liabilities	<b>772,257</b>	<b>653,650</b>



## INTERIM FINANCIAL STATEMENTS

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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, certain land use rights, interest in an associate, entrusted loan receivables, consideration receivables, amount due from non-controlling shareholders of a subsidiary, pledged bank deposits, structured deposits, bank balances and cash, available-for-sale investments, deferred tax assets and certain other receivables, deposits and prepayments. Assets used jointly by reportable and operating segments are allocated on the basis of the revenues earned by individual operating segments.

Note: Other than liabilities specifically identified for reportable and operating segments of sale of display modules, internet of things business, intelligent manufacturing business and property development, the remaining liabilities are allocated between payables jointly consumed by reportable and operating segments of sale of handsets and solutions and sale of wireless communication modules and corporate liabilities. Corporate liabilities include certain other payables, deposits received and accruals, amount due to a director, amounts due to non-controlling shareholders of subsidiaries, tax payable, bank borrowings and deferred tax liabilities.

# INTERIM FINANCIAL STATEMENTS

## 5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Other income</b>		
Refund of Value Added Tax ("VAT") (Note i)	2,274	2,054
Government grants (Note ii)	16,970	12,677
Interest income earned on bank balances and structured deposits	2,768	2,045
Interest income earned on entrusted loan receivables	5,898	5,438
Rental income (Less: outgoings of HK\$201,000 (six months ended 30 June 2014: HK\$145,000))	15,468	11,372
Others	4,631	1,041
	<b>48,009</b>	<b>34,627</b>
<b>Other gains and losses</b>		
(Loss) gain on disposal of property, plant and equipment	(2,216)	978
Impairment loss on property, plant and equipment	(4,506)	-
Net foreign exchange gain	539	1,779
Changes in fair value of investment properties	290	2,675
Gain on disposal of a subsidiary (Note 19)	2,191	-
	<b>(3,702)</b>	<b>5,432</b>





# INTERIM FINANCIAL STATEMENTS

## Notes:

- (i) Shanghai Simcom Limited ("Shanghai Simcom"), Shanghai Simcom Wireless Solutions Limited ("Shanghai Simcom Wireless") and Shenzhen Zhuoxuda Technology Development Company Limited ("Shenzhen Zhuoxuda") (six months ended 30 June 2014: Shanghai Simcom and Shanghai Simcom Wireless) 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 VAT paid for sale of self-developed and produced software in the PRC.
- (ii) The amount includes HK\$14,681,000 (six months ended 30 June 2014: nil) related to a conditional government grant granted to the Group in prior years. In the opinion of the directors, during the current period, the conditions attached to the government grant are all fulfilled, amongst others, including the completed works were approved and verified by government officers. Therefore, government grants of HK\$14,681,000 was recognised to profit or loss during the six months ended 30 June 2015. As at 30 June 2015, the amount, HK\$14,681,000, had yet been received and hence the amount was included in other receivables, deposits and prepayments.

The amount includes HK\$329,000 (six months ended 30 June 2014: HK\$4,809,000) unconditional government grants received during the period which was granted to encourage for the Group's research and developments activities in the PRC.

In addition, during the current period, the Group received HK\$8,022,000 (six months ended 30 June 2014: HK\$2,500,000) government grants towards the cost of development on wireless communication modules and handset modules in Shanghai and Shenyang. The amounts received were deferred and transferred to other income to match actual expenditure used in research and development activities and HK\$1,960,000 (six months ended 30 June 2014: HK\$7,868,000) was recognised in the profit or loss during the period.

As at 30 June 2015, an amount of HK\$56,179,000 (31 December 2014: HK\$50,063,000) remained to be amortised and is included in other payables (for current portion) and deferred income (for non-current portion).

# INTERIM FINANCIAL STATEMENTS

## 6. TAXATION

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Taxation comprises:		
PRC Enterprise Income Tax	(10,254)	(4,004)
PRC Land Appreciation Tax ("LAT")	(1,325)	(940)
Overprovision on PRC Enterprise Income Tax in previous years	1,096	1,260
Deferred tax (charge) credit ( <i>Note 12</i> )	(3,427)	813
	<b>(13,910)</b>	<b>(2,871)</b>

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. Shanghai Simcom, Shanghai Simcom Wireless and Shanghai Sunrise Simcom Limited ("Shanghai Sunrise Simcom") are classified as New and High Technology Enterprise and is entitled to adopt a tax rate of 15%. Shanghai Simcom is also classified as Key Production Enterprise and is entitled to use an applicable tax rate of 10%. The relevant annual tax rate used for PRC Enterprise Income Tax for the Group's subsidiaries ranged from 10% to 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant tax laws and regulations of the PRC, which is charged at progressive rates ranging from 30% to 60% (six months ended 30 June 2014: 30% to 60%) of the appreciation value, with certain allowable deductions.

# INTERIM FINANCIAL STATEMENTS

## 7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	47,041	37,481
Less: Amount capitalised in development costs classified as intangible assets	(586)	(496)
	46,455	36,985
Amortisation of land use rights	1,477	1,473
Depreciation of property, plant and equipment	37,060	42,984
Less: Amount capitalised in development costs classified as intangible assets	(1,519)	(1,104)
	35,541	41,880
Staff costs including directors' emoluments	136,132	129,582
Share-based payments	1,452	1,939
Less: Amount capitalised in development costs classified as intangible assets	(48,577)	(35,308)
	89,007	96,213
Operating lease rentals in respect of land and buildings	4,294	3,378
Less: Amount capitalised in development costs classified as intangible assets	(756)	(557)
	3,538	2,821
Cost of inventories recognised as expense (included in cost of sales)	870,295	731,343
Cost of properties sold (included in cost of sales)	54,102	41,702

# INTERIM FINANCIAL STATEMENTS

## 8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for six months ended 30 June 2015 and 2014.

## 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	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	<b>16,465</b>	4,977
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share for both periods	<b>2,557,596</b>	2,543,369
Effect of dilutive potential ordinary shares – share options	<b>62,613</b>	290
Weighted average number of ordinary shares for the purpose of diluted earnings per share for both periods	<b>2,620,209</b>	2,543,659



## INTERIM FINANCIAL STATEMENTS

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The computation of diluted earnings per share for the six months ended 30 June 2015 and 2014 did not assume the exercise of certain of the Company's share options because the exercise price of these options was higher than the average market price for both six months period ended 30 June 2015 and 2014.

### 10. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### Investment properties

The fair value of the Group's investment properties at 30 June 2015 and 31 December 2014 have been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited, an independent qualified professional valuer not related to the Group.

The fair value was determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, supported by the terms of existing lease and reasonable and supportable assumptions that represent what knowledgeable willing parties would assume about rental income for future leases in the light of current conditions. The rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shanghai. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. At the end of the reporting period, the chief financial officer of the Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

The fair value of investment properties as at 30 June 2015 is HK\$364,140,000 (31 December 2014: HK\$363,850,000) and a fair value gain of HK\$290,000 (six months ended 30 June 2014: HK\$2,675,000) have been recognised directly in profit or loss for the six months ended 30 June 2015.

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## Property, plant and equipment

During the current interim period, additions to the Group's property, plant and equipment amounted to HK\$7,339,000 (six months ended 30 June 2014: HK\$11,247,000).

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$15,713,000 (six months ended 30 June 2014: HK\$7,759,000) for cash proceeds of HK\$13,497,000 (six months ended 30 June 2014: HK\$8,737,000), resulting a loss on disposal of HK\$2,216,000 (six months ended 30 June 2014: gain of HK\$978,000).

During the current interim period, the Group recognised impairment loss of HK\$4,506,000 (six months ended 30 June 2014: nil) to its property, plant and equipment.

## Intangible assets

During the current interim period, additions to the Group's intangible assets amounted to HK\$79,602,000 (six months ended 30 June 2014: HK\$62,056,000) including addition to development costs of HK\$78,699,000 (six months ended 30 June 2014: HK\$59,219,000) for development projects on the products.



## INTERIM FINANCIAL STATEMENTS

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### 11. ASSET CLASSIFIED AS HELD FOR SALE/LIABILITY ASSOCIATED WITH ASSET CLASSIFIED AS HELD FOR SALE

As at 30 June 2015, the Group held 30% equity interest in Xian Helicopter Co., Ltd. ("Xian Helicopter"), a company registered in the PRC with carrying amount of HK\$28,990,000 (31 December 2014: HK\$28,967,000). The principal activity of Xian Helicopter is provision of industrial use helicopter services in the PRC.

During the year ended 31 December 2014, the Group entered into a sale and purchase agreement with the existing major shareholder of Xian Helicopter to dispose of the Group's entire 30% equity interest in Xian Helicopter for a consideration of RMB26,160,000 which would be settled by three installments. As at 30 June 2015, part of the consideration amounting to RMB13,950,000 (equivalent to approximately HK\$17,500,000) (31 December 2014: RMB12,950,000) has been received by the Group and the remaining RMB12,210,000 (31 December 2014: RMB13,210,000 (equivalent to approximately HK\$16,300,000)) has not been settled. The transaction will be completed upon the receipt of the full consideration by the Group. As at 30 June 2015, the interest in Xian Helicopter of HK\$28,990,000 (31 December 2014: HK\$28,967,000) has been classified as asset classified as held for sale and the consideration of HK\$17,508,000 received (31 December 2014: HK\$16,252,000) has been classified as liability associated with asset classified as held for sale.

The sale proceeds exceed the carrying amount of the interest in Xian Helicopter and, accordingly, no impairment loss has been recognised.

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## 12. DEFERRED TAXATION

The followings are the major deferred tax (liabilities) assets recognised by the Group and the movement thereon during the current period:

	Development cost capitalised HK\$'000	Write-down of inventories and trade receivables HK\$'000	Impairment of property, plant and equipment HK\$'000	Revaluation of buildings and land use rights transfer to investment properties HK\$'000	Total HK\$'000
At 31 December 2014 (audited)	(7,853)	29,373	18,183	(53,548)	(13,845)
Exchange differences	(12)	5	14	(43)	(36)
Charge to profit or loss (Note 6)	(3,114)	-	(313)	-	(3,427)
At 30 June 2015 (unaudited)	(10,979)	29,378	17,884	(53,591)	(17,308)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Deferred tax assets	47,262	47,556
Deferred tax liabilities	(64,570)	(61,401)
	(17,308)	(13,845)



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## 13. ENTRUSTED LOAN RECEIVABLES

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Carrying amount receivable based on maturity set out in the loan agreements		
Within one year	117,315	167,315
More than one year but less than two years	50,240	-
	<b>167,555</b>	<b>167,315</b>

During the six months period ended 30 June 2015, the Group's wholly owned subsidiary, Shanghai Suncom Logistics Limited ("Suncom Logistics") entered into an entrusted loan agreement with China Fortune Securities Co. Ltd., Pursuant to the agreement, Suncom Logistics advanced through entrusted loan arrangement an aggregated amount of RMB40,000,000 (or equivalent to approximately HK\$50,240,000) to a specific corporate borrower carrying at an interest rate of 9.25% per annum. China Minsheng Banking Corp., Ltd. Shanghai branch acted as the trustee of the entrusted loan for a trustee fee of 0.05% per month. This entrusted loan will be matured in April 2017.

During the year ended 31 December 2014, the Group's wholly-owned subsidiary, Shanghai Simcom Wireless, entered into an entrusted loan agreement with Agricultural Bank of China. Pursuant to this agreement, Shanghai Simcom Wireless entrusted an aggregated amount of RMB33,000,000 (equivalent to approximately HK\$41,448,000) (31 December 2014: RMB33,000,000 (equivalent to approximately HK\$41,415,000)) to a specific corporate borrower carrying at an interest rate of 10% per annum. Agricultural Bank of China acted as the trustee of this entrusted loan. Trustee fee of 0.05% per month is charged by Agriculture Bank of China. This entrusted loan will be matured in October 2015.

During the year ended 31 December 2013, the Group's wholly-owned subsidiary, Shanghai Sunrise Simcom entered into five entrusted loan agreements with Orient Securities Asset Management Company Limited ("Orient Securities") and China Minsheng Banking Corp., Ltd,

## INTERIM FINANCIAL STATEMENTS

Qingdao branch ("Minsheng Bank"). Pursuant to these agreements, Shanghai Sunrise Simcom entrusted an aggregated amount of RMB100,000,000 (or equivalent to approximately HK\$125,900,000, "Entrusted Assets") to a specific corporate borrower. Orient Securities acted as an asset manager to manage the Entrusted Assets and the Minsheng Bank acted as the trustee to the Entrusted Assets.

Orient Securities is responsible to manage and invest the Entrusted Assets into investment products under 長安信託 • 奔誠實業委託貸款單一資金信託合同 (Chang An Trust Hui Cheng Shi Ye Entrusted Loan Single Fund Trust Agreement) with the instructions from Shanghai Sunrise Simcom. Details of the investment products are as follow:

Principal amount	Maturity date	Effective interest rate
RMB20,000,000	April 2015	7% per annum
RMB20,000,000	April 2015	7% per annum
RMB20,000,000	July 2015	7% per annum
RMB20,000,000	July 2015	7% per annum
RMB20,000,000	July 2015	7% per annum

Management fee and trustee fee of approximately 0.2% per annum and 0.06% per annum are charged by Orient Securities and the Minsheng Bank respectively. During the entrusted period, Shanghai Sunrise Simcom may withdraw part of the amount of the Entrusted Assets provided that the remaining balance of the Entrusted Assets in the account shall not be less than RMB1 million. Although the Group can withdraw the Entrusted Assets in accordance with the entrusted loan agreements, the management expected that the Group would not withdraw the Entrusted Assets until their maturity. As at 30 June 2015, the carrying amount of the outstanding Entrusted Assets was RMB60,000,000 (equivalent to approximately HK\$75,867,000) (31 December 2014: RMB100,000,000 (equivalent to approximately HK\$167,315,000)). Subsequent to the reporting period, the outstanding Entrusted Assets have been settled upon maturity.

As at 30 June 2015 and 31 December 2014, no entrusted loan receivables have been past due or impaired.

All the Group's entrusted loan receivables are denominated in RMB, which is the functional currency of the respective group companies.

# INTERIM FINANCIAL STATEMENTS

## 14. TRADE AND NOTES RECEIVABLES

The normal credit period given on sale of goods relating to handsets and solutions, display modules, wireless communication modules and internet of things business and intelligent manufacturing business is 0-90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition. There is no credit given to sales of properties.

The following is an aged analysis of trade receivables, net of allowance for bad and doubtful debts, as well as notes receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Trade receivables		
0-30 days	195,472	199,100
31-60 days	23,283	31,550
61-90 days	15,685	4,475
91-180 days	3,164	1,851
Over 180 days	36,091	35,987
	<b>273,695</b>	<b>272,963</b>
Less: Accumulated allowances	<b>(32,896)</b>	<b>(32,877)</b>
	<b>240,799</b>	<b>240,086</b>
Notes receivables ( <i>Note</i> )		
0-30 days	19,344	15,660
31-60 days	63	-
91-180 days	4,723	-
	<b>24,130</b>	<b>15,660</b>
	<b>264,929</b>	<b>255,746</b>

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

# INTERIM FINANCIAL STATEMENTS

## 15. TRADE AND NOTES PAYABLES

Trade and notes payables (other than for the construction of properties held for sale) principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 30-90 days.

Trade payables and accrued expenditure on construction of properties held for sale comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group.

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0-30 days	401,518	273,817
31-60 days	10,167	35,162
61-90 days	4,144	6,489
Over 90 days	39,364	91,355
	<b>455,193</b>	<b>406,823</b>

## 16. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND A DIRECTOR

Amounts due from/to non-controlling shareholders are unsecured, interest-free and repayable on demand. Amount due to a director is unsecured, interest bearing at 2.9% per annum, denominated in United States Dollars and repayable on 4 January 2016.

# INTERIM FINANCIAL STATEMENTS

## 17. BANK BORROWINGS

During the period, the Group obtained new short-term bank borrowings with total amount of HK\$323,776,000 (six months ended 30 June 2014: HK\$322,879,000). The bank borrowings carry variable interest at London Interbank Offer Rate ("LIBOR") plus a spread ranged from 1.0% to 3.6% (six months ended 30 June 2014: LIBOR plus 2.5% to 3.4%) and are repayable within one year. Pursuant to the loan agreements, the bank borrowings were secured by investment properties, property, plant and equipment, land use right and bank deposits.

## 18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2015 and 30 June 2015	3,000,000	300,000
Issued:		
At 1 January 2015	2,557,499	255,750
Shares issued upon exercise of share options	398	40
At 30 June 2015	2,557,897	255,790

## 19. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2015, the Group disposed of its 60% equity interest in 上海鼎希物聯網科技有限公司 (unofficial English name being Shanghai Dingxi Internet of Things Technology Limited) ("Shanghai Dingxi") at a total consideration of RMB4,000,000 (equivalent to approximately HK\$5,000,000) to the non-controlling shareholder ("Purchaser") of Shanghai Dixi ("Disposal"). The consideration will be satisfied by cash, of which (i) the first instalment of RMB1,200,000 will be settled at the date of the completion of the Disposal; (ii) the second instalment of RMB600,000 will be settled on the 90th day of the date of the completion of the Disposal; and (iii) the final instalment of RMB2,200,000 will be settled at the third anniversary date of the date of completion of the Disposal. The settlement date of final instalment of RMB2,200,000 could be delayed to the sixth anniversary date of the date of completion of the Disposal at the discretion of the Purchaser. Fair value of the consideration receivable is estimated by using discounted cash flow method with imputed interest rate of 7.345% per annum at initial recognition and subsequently measured at amortised cost. As at 30 June 2015, the unsettled consideration of RMB2,200,000 (equivalent of approximately HK\$2,557,000) was recorded as consideration receivable in the condensed consolidated statement of financial position.

Gain on disposal of a subsidiary of HK\$2,191,000 was recognised to profit or loss during the six months ended 30 June 2015.

## 20. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2015, the Group entered into two capital injection agreements ("Injection Agreements") with the respective shareholders of 東莞市新路標自動化設備技術有限公司 (unofficial English name being Dongguan Xinlubiao Automation Equipment Technology Limited) ("Dongguan Xinlubiao") and Shenzhen Zhuoxuda (shareholders of Dongguan Xinlubiao and Shenzhen Zhuoxuda collectively referred as the "Vendors"). Pursuant to the Injection Agreements, the Group and the Vendors were required to inject capital by way of subscribing new registered capital of Dongguan Xinlubiao and Shenzhen Zhuoxuda. The Group injected by way of cash of HK\$12,585,000 and the Vendors injected HK\$3,115,000 by way of property, plant and equipment and will further inject HK\$2,512,000 by cash (as at 30 June 2015, such amount was recorded as amounts due from non-controlling shareholders of a subsidiary). After the completion of the capital injection, the Group owned 70% and 78% equity interests in Dongguan Xinlubiao and Shenzhen Zhuoxuda respectively. The Vendors' capital injection of HK\$5,627,000 are recorded as non-controlling interests. Such capital injections have been accounted for using the purchase method.

## INTERIM FINANCIAL STATEMENTS

Provisional fair value of assets and liabilities recognised at the date of acquisitions were as follows:-

	HK\$'000 (unaudited)
Property, plant and equipment	507
Inventories	4,840
Trade receivables and notes receivables	16,818
Other receivables, deposits and prepayments	2,432
Bank balances and cash	5,629
Trade and note payables	(3,459)
Other payables, deposits received and accruals	(3,956)
Bank borrowings	(7,536)
Tax payable	(679)
	<u>14,596</u>
Less: Amounts due to non-controlling shareholders of subsidiaries ( <i>Note i</i> )	<u>(14,596)</u>
	<u>-</u>
Cash inflow on acquisitions	
Bank balances and cash acquired	<u>5,629</u>

Notes (i): The Vendors are entitled to the distribution of the retained profits of Dongguan Xinlubiao and Shenzhen Zhuoxuda before the completion of the capital injection. The aggregated amount of retained profits of Dongguan Xinlubiao and Shenzhen Zhuoxuda of HK\$14,596,000 was recorded as amounts due to non-controlling shareholders of subsidiaries at the date of completion of the capital injection.

(ii): In accordance with the Injection Agreements, if the profit of Dongguan Xinlubiao and Shenzhen Zhuoxuda are able to reach a pre-determined level, the Group will be required to sell to the Vendors at most 19% equity interests in Dongguan Xinlubiao and 27% equity interests in Shenzhen Zhuoxuda at a pre-determined consideration within 3 or 5 years from the completion of the capital injection (the "Additional Considerations"). In the opinion of the directors, the fair value of the Additional Considerations have been provisionally determined as insignificant as at the date of completion of the capital injection.

# INTERIM FINANCIAL STATEMENTS

## 21. OPERATING LEASE ARRANGEMENTS

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	3,914	1,793
In the second to fifth year inclusive	620	510
	<b>4,534</b>	<b>2,303</b>

### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	34,234	21,325
In the second to fifth year inclusive	80,921	45,998
After five years	6,377	7,918
	<b>121,532</b>	<b>75,241</b>



# INTERIM FINANCIAL STATEMENTS

## 22. COMMITMENTS

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Expenditure in respect of properties under development for sale contracted for but not provided in the consolidated financial statements	114,760	95,327
Expenditure in respect of properties under development for sale authorised but not contracted for	–	35,348

## 23. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2015, the Group recognised a government grant of HK\$14,681,000 to profit or loss, and the amount remains unsettled and included in other receivables, deposits and prepayments.

The purchase consideration of property, plant and equipment amounting to HK\$4,800,000 (31 December 2014: HK\$4,796,000) remained unsettled and included in other payables, deposits received and accruals as at 30 June 2015.

During the six months ended 30 June 2014, the Group obtained a land use right certificate for a piece of land in the PRC, accordingly, deposits paid in prior year for acquisition of land use rights of approximately RMB12,550,000 (equivalent to approximately HK\$16,065,000) was transferred to land use rights.

# INTERIM FINANCIAL STATEMENTS

## 24. RELATED PARTY TRANSACTIONS

During the six month period ended 30 June 2015, interest of HK\$775,000 (six month period ended 30 June 2014: nil) was charged for the amount due to a director.

The remuneration of key management during the period was as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term benefits	3,221	2,498
Post-employment benefits	177	120
Share based payments	–	154
	<b>3,398</b>	<b>2,772</b>

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (CAP 571, Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

#### Long position in the shares of the Company

Name of director	Nature of interest	Total number of ordinary shares of the Company	Underlying shares of the Company	Total	Approximate percentage of interest in the Company (note 3)
Mr Wong Cho Tung	Corporate interest (note 1)	1,209,084,000		1,209,084,000	47.27%
	Personal interest	3,098,000		3,098,000	0.12%
	Total			1,212,182,000	47.39%
Ms Yeung Man Ying	Corporate interest (note 2)	734,857,000		734,857,000	28.73%
	Personal interest	3,418,000		3,418,000	0.13%
	Total			738,275,000	28.86%
Ms Tang Rongrong	Personal interest	-	4,446,000	4,446,000	0.17%
Mr Chan Tat Wing Richard	Personal interest	-	5,382,000	5,382,000	0.21%
Mr Liu Hong	Personal interest	-	1,446,120	1,446,120	0.06%
Mr Liu Jun	Personal interest	1,000,000	936,000	1,936,000	0.08%

Notes:

1. Mr Wong Cho Tung ("Mr Wong") controls more than one-third of the voting power of Info Dynasty Group Limited ("Info Dynasty"). Mr Wong is therefore deemed to be interested in all the 734,857,000 shares held by Info Dynasty in the Company by virtue of Part XV of the SFO. Both Intellipower Investments Limited ("Intellipower") and Simcom Limited ("Simcom (BVI)") are wholly owned by Mr Wong and he is therefore deemed to be interested in all the 454,227,000 shares and 20,000,000 shares held by Intellipower and Simcom (BVI) respectively in the Company by virtue of Part XV of the SFO respectively.
2. Ms Yeung Man Ying ("Mrs Wong"), the spouse of Mr Wong, controls more than one-third of the voting power of Info Dynasty. Mrs Wong is therefore deemed to be interested in all the 734,857,000 shares held by Info Dynasty by virtue of Part XV of the SFO.
3. Calculation of percentage of interest in the Company is based on the issued share capital of 2,557,896,300 shares of the Company as at 30 June 2015.

As at 30 June 2015, save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' OR OTHERS' INTERESTS IN THE SECURITIES OF THE COMPANY

Based on the necessary enquiry by the Company, as at 30 June 2015, the interests and short positions of other persons (other than Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Total number of ordinary shares of the Company	Approximate percentage of interest in the Company (note 1)
Info Dynasty (note 2)	Personal interest	734,857,000	28.73%
Intellipower (note 3)	Personal interest	454,227,000	17.76%

1. Calculation of percentage of interest in the Company is based on the issued share capital of 2,557,896,300 shares of the Company as at 30 June 2015.
2. The relationship between Info Dynasty and Mr Wong and the relationship between Info Dynasty and Mrs Wong is disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Position in Shares" above.
3. The relationship between Intellipower and Mr Wong is disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Position in Shares" above.

Save as disclosed above, as at 30 June 2015, there is no other substantial shareholders or persons who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under the section 336 of the SFO.

## SHARE OPTIONS

The Company granted share options under the pre-listing share option scheme adopted by the Company on 30 May 2005 ("Pre-IPO Options") and under the other share option scheme adopted on 30 May 2005 ("Post-IPO Options").

The details of the options under Pre-IPO Options and Post-IPO Options granted to certain Directors and employees of the Group and movements in such holdings were illustrated below:

Category of participants	Name of scheme	Date of grant	Outstanding at 1 January 2015	Rellocated upon change of directorates	Exercised during the period	Lapsed/ expired during the period	Outstanding at 30 June 2015
<b>Directors</b>							
Mr Zhang Jianping	Pre-IPO	30.5.2005	1,755,000	(1,755,000)	-	-	-
(Resigned on 30 May 2015)	Post-IPO	28.3.2008	585,000	(585,000)	-	-	-
	Post-IPO	3.9.2009	8,775,000	(8,775,000)	-	-	-
Ms Tang Rongrong	Post-IPO	28.3.2008	936,000	-	-	-	936,000
	Post-IPO	3.9.2009	3,510,000	-	-	-	3,510,000
Mr Chan Tat Wing	Pre-IPO	30.5.2005	585,000	-	-	(585,000)	-
Richard	Post-IPO	28.3.2008	1,872,000	-	-	-	1,872,000
	Post-IPO	3.9.2009	3,510,000	-	-	-	3,510,000
Mr Liu Hong	Post-IPO	13.11.2007	117,000	-	-	-	117,000
	Post-IPO	28.3.2008	393,120	-	-	-	393,120
	Post-IPO	3.9.2009	936,000	-	-	-	936,000
Mr Liu Jun (Appointed on 4 June 2015)	Post-IPO	3.9.2009	-	936,000	-	-	936,000
Sub-total			22,974,120	(10,179,000)	-	(585,000)	12,210,120

## OTHER INFORMATION

Category of participants	Name of scheme	Date of grant	Outstanding at 1 January 2015	Relocated upon change of directorates	Exercised during the period	Lapsed/ expired during the period	Outstanding at 30 June 2015
<b>Chief executive officer</b>							
Mr Liu Jun	Post-IPO	3.9.2009	936,000	(936,000)	-	-	-
<b>Employees of the Group</b>							
	Pre-IPO	30.5.2005	826,020	1,755,000	-	(2,581,020)	-
	Post-IPO	12.5.2006	2,574,000	-	-	(152,100)	2,421,900
	Post-IPO	13.11.2007	4,087,395	-	-	(428,220)	3,659,175
	Post-IPO	28.3.2008	12,901,005	585,000	-	(730,080)	12,755,925
	Post-IPO	3.9.2009	35,338,680	8,775,000	(10,800)	(1,718,145)	42,384,735
	Post-IPO	19.7.2013	17,600,000	-	(387,000)	-	17,213,000
Consultants	Post-IPO	19.7.2013	45,400,000	-	-	-	45,400,000
<b>Sub-total</b>			118,727,100	11,115,000	(397,800)	(5,609,565)	123,834,735
<b>Total</b>			142,637,220	-	(397,800)	(6,194,565)	136,044,855

### Notes:

1. In relation to each grantee of the options granted under the Pre-IPO Options, 25% of the options vested during the period from 1 April 2006 to 31 December 2006 and in each of the three calendar years from 1 January 2007 to 31 December 2009. The exercise price per share is HK\$0.87 and the exercise period is 1 April 2006 to 29 May 2015.
2. In relation to each grantee of the options granted on 12 May 2006 under Post-IPO Options, 25% of the options vested in each of the four calendar years from 1 January 2007. The exercise price per share is HK\$3.14 and the exercise period is 1 January 2007 to 11 May 2016.
3. In relation to each grantee of the options granted on 13 November 2007 under Post-IPO Options, 25% of the options vested in each of the four calendar years from 1 April 2008. The exercise price per share is HK\$1.40 and the exercise period is 1 April 2008 to 12 November 2017.

4. In relation to each grantee of the options granted on 28 March 2008 under Post-IPO Options, 25% of the options vested in each of the four calendar years from 15 April 2009. The exercise price per share is HK\$0.69 and the exercise period is 15 April 2009 to 27 March 2018.
5. In relation to each grantee of the options granted on 3 September 2009 under Post-IPO Options, 25% of the options vested in each of the four calendar years from 15 April 2010. The exercise price per share is HK\$0.68 and the exercise period is 15 April 2010 to 2 September 2019.
6. There was no share options granted during the reporting period.

Other than as disclosed above, at no time during 1H-2015 was the Company or any of its subsidiaries a party to any arrangements that enable the Directors or the chief executive of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and save as disclosed in this report, none of the Directors, the chief executive, their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during 1H-2015.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During 1H-2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE CODE**

Save as mentioned below, the Company has complied with the code provisions laid down in the Corporate Governance Code ("Corporate Governance Code") as set out in Appendix 14 to the Listing Rules for 1H-2015.





## OTHER INFORMATION

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In respect of code provisions A.5.1 to A.5.4 of the Corporate Governance Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for assessing the independence of the independent non-executive Directors and reviewing the succession plan for the Directors, in particular the chairman of the Board.

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 3 June 2015 ("2015 AGM"), Ms Yeung Man Ying, the chairman of the Board, was unable to attend due to an unexpected business engagement. Mr Chan Tat Wing, Richard, an executive Director and the chief finance officer of the Group, chaired the 2015 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 of the Board and the audit committee of the Board ("Audit Committee"), was also available at the 2015 AGM to answer questions from Shareholders.

### COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for securities transactions. All Directors have confirmed, following specific enquiry by the Company with all Directors, that they have fully complied with the required standard as set out in the Model Code for 1H-2015.

### AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practice adopted by the Group and reviewed the unaudited condensed consolidated interim financial information of the Group for 1H-2015. In addition, the unaudited condensed consolidated interim financial information of the Group for 1H-2015 have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu. The Audit Committee comprises all three independent non-executive Directors.

### DIRECTORS

With effect from 30 May 2015, Mr Zhang Jianping resigned as an executive Director. With effect from 4 June 2015, Mr Liu Jun was appointed as an executive Director.



## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

#### *Executive Directors*

Ms YEUNG Man Ying (*Chairman*)

Mr WONG Cho Tung (*President*)

Mr ZHANG Jianping (*resigned as Executive Director with effect from 30 May 2015*)

Ms TANG Rongrong

Mr CHAN Tat Wing, Richard

Mr LIU Hong

Mr LIU Jun (*Chief executive officer, appointed as Executive Director with effect from 4 June 2015*)

#### *Independent non-executive Directors*

Mr LIU Hing Hung

Mr XIE Linzhen

Mr DONG Yunting

### AUDIT COMMITTEE

Mr LIU Hing Hung (*Chairman*)

Mr XIE Linzhen

Mr DONG Yunting

### REMUNERATION COMMITTEE

Mr LIU Hing Hung (*Chairman*)

Mr XIE Linzhen

Mr DONG Yunting

Mr Wong Cho Tung

### COMPANY SECRETARY

Ms WONG Tik

### AUDITORS

Deloitte Touche Tohmatsu

### LEGAL ADVISER AS TO HONG KONG LAW

LEUNG & LAU

### PRINCIPAL BANKERS

Hang Seng Bank Limited

Bank of Communications

Shanghai Pudong Development Bank

### REGISTERED OFFICE

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2 Church Street

Hamilton HM 11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2908, 29th Floor

248 Queen's Road East

Wanchai

Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-16, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### WEBSITE ADDRESS

<http://www.sim.com>

### STOCK CODE

2000