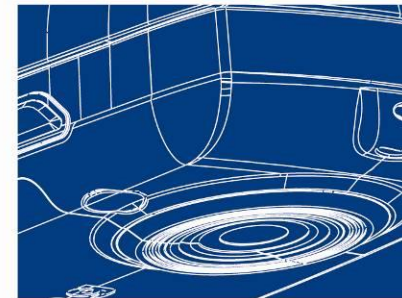
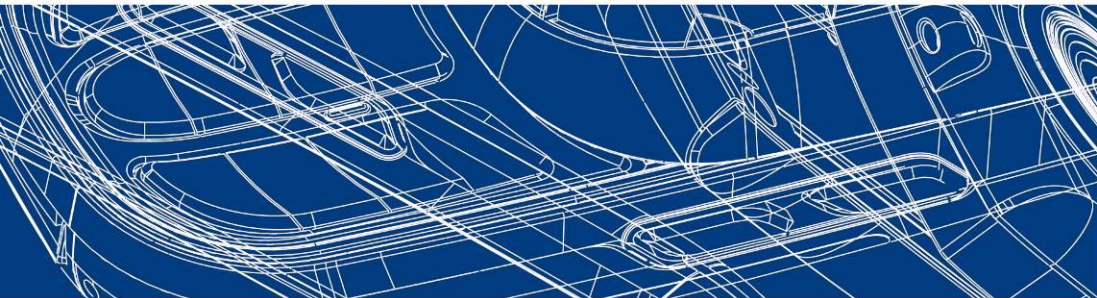


SIM Technology Group

2015 Annual Results Announcement

March 24, 2016



This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that SIM Technology expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.

SIM Technology's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, changes in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.

In addition, SIM Technology makes these forward-looking statements as of today and undertakes no obligation to update these statements.

- **2015 Financial Highlights** **Richard Chan**
- **2015 Business Highlights** **Richard Chan**

2015 Financial Highlights

2015 Year Financial Results Highlights

(HK\$M)	2015	2014	% YoY Change
Revenue	3,197	2,352	+35.9%
Gross Profit	426	301	+41.4%
Gross profit as % of Revenue	13.3%	12.8%	
Profit for the year	65	24	+169.7%
Basic Earnings per share (HK cents)	2.53 cents	0.94 cent	+169.1%
Dividend paid per share (HK cents)	Nil	Nil	NA

Revenue by Business Segment

	<u>2015</u>		<u>2014</u>		% YoY Change
	Revenue (HK\$M)	% of core business revenue	Revenue (HK\$M)	% of core business revenue	
Handsets & Solutions	2,043	67.3%	1,512	70.6%	+35.2%
Full handsets (ODM)	1,320	43.5%	1,178	55.0%	+12.1%
Handset solutions and royalties	723	23.8%	334	15.6%	+116.5%
Wireless Communication Modules	639	21.0%	557	26.0%	+14.6%
Internet of Things Business	273	9.0%	58	2.7%	+372.6%
Intelligent Manufacturing Business	80	2.6%	---	NA	NA
Display Modules	---	NA	14	0.7%	NA
Revenue of Core Business	3,035	100%	2,141	100%	+41.8%
Properties Development	162		211		-23.3%
Total Revenue	3,197		2,352		+35.9%

Gross Profit by Business Segment

(HK\$M)	2015		2014	
	Gross Profit (Loss)	% of respective revenue	Gross Profit	% of respective revenue
Handsets & Solutions	236	11.5%	161	10.6%
Wireless Communication Modules	95	14.8%	91	16.3%
Internet of Things Business	42	15.5%	13	23.4%
Intelligent Manufacturing Business	27	34.2%	---	NA
Display Modules	---	NA	(8)	(54.8%)
Core Business GP	400	13.2%	257	12.0%
Residential Properties	26	15.8%	44	21.0%
Total GP	426	13.3%	301	12.8%

	<u>2015</u>		<u>2014</u>		% YoY Change
	HK\$M	% of revenue	HK\$M	% of revenue	
Research & development	149	4.7%	144	6.1%	+3.3%
Selling & distribution	128	4.0%	102	4.3%	+26.3%
Administrative	103	3.2%	86	3.7%	+19.8%
Total operating expenses	380	11.9%	332	14.1%	+14.6%

Cash Flow Statement Highlights

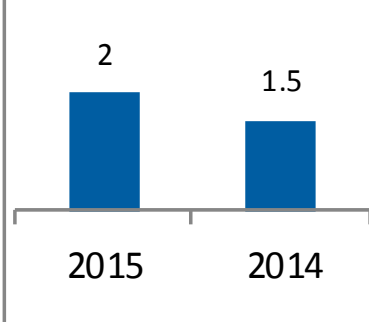
(HK\$M)	2015
Net Cash from operation	162
<i>Capital expenditure</i>	(25)
<i>Development costs</i>	(172)
<i>Net increase in bank borrowings</i>	14
<i>Investments in associates</i>	(5)
<i>Net decrease in entrusted loan receivables</i>	45
<i>Proceeds from disposal of machinery and equipment</i>	3
<i>Deposits received for disposal of an associate</i>	9
<i>Others</i>	(4)
Net cash inflow	27
Cash balances at beginning period	374
Cash & Bank balances at 31 December 2015	401
<i>(Including pledged bank deposits and structured deposit)</i>	
Gearing ratio (bank borrowings / total assets)	9.8%

	2015	2014	% Change
Current ratio (times)	1.8	2.1	-14.3%
Inventory turnover period [#] (days)	71	53	+34.0%
Trade and notes receivables turnover period [#] (days)	33	41	-19.5%
Trade and notes payables turnover period [#] (days)	64	56	+14.3%
# for the core business			

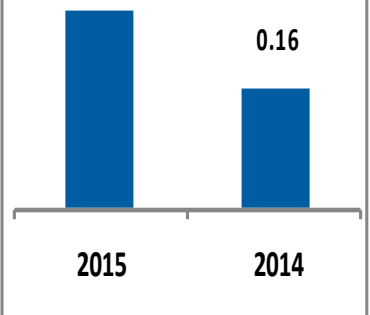
2015 Business Highlights

- * **Handsets and Solutions Business and Prospects**
- * **Wireless Communication Modules Business and Prospects**
- * **IOT Business and Prospects**
- * **Intelligent Manufacturing Business and Prospects**
- * **Property Development Business**

Handset & Solutions Sales



Handset & Solutions GP



Sales & GP: HK\$ Billion

2015 : GP% 11.5%
2014 : GP% 10.6%

Handsets and Solutions Sales Volume, Gross Profits & GP %

- Sales Volume:** recorded greater growth in overall delivery volume of handset terminals
- Revenue :** Substantial growth over 2014 of the shipment of both consumer smart phone and industrial application terminals, driving the increase of the handset business revenue
- Gross Profits** over 35% growth of revenue over 2014, driving the increase of the gross profits (over 46% growth) and GP%
- GP%** 11.5% vs 10.6% (2014)

Overall Business Strategy and Performance

- The Group has seized the opportunities to focus its efforts **on differentiated customers and products** across a wide range of sectors, enabling it to achieve higher revenue from the handset business.
- For the consumer product lines, the Group continued to closely monitor its progress as it proceeds in this direction to capture **other major brands** for partnership opportunities.
- For the industrial application terminals, the Group has continued to rise along with the further expansion and the firm foothold achieved by the **IOT market**. the Group has developed an intelligent module of which has been widely applied in areas such as mobile payment Point-of-Sale (“POS”) machines and the “internet of vehicles”.

- The Group will continue to implement its ongoing strategies, expecting the handset business will maintain steady growth. The size of the consumer handset market is expected to remain unchanged in 2016 and **the consolidation of brands** will be further enhanced, whereas, there is **still huge room for development in the sale of the industrial terminal market.**
- The Group will continue to actively strive to secure high-end differentiated customers so as to bring a stable revenue to the handset business. the Group expects that the industrial applications terminal business **will achieve greater growth** and will continue to increase investment in industry terminals and broaden the product range and service scope with the aim to provide more quality products and gain profit as well.
- Apart from strengthening close cooperation with the existing consumer and industry customers, the Group will continue to actively explore **domestic and international customers with good market prospects and development potential.** For the development of overseas markets, the Group will maintain its focus on the economically developed markets such as **Europe, America and Japan.** Looking ahead to 2016, the Group believes the business of these markets will further expand so as to lay a solid foundation for business growth in the next year.
- Therefore, the management believes that the consumer handset and industrial application ODM businesses will remain as the one of the major profit drivers for the Group during the next two years.

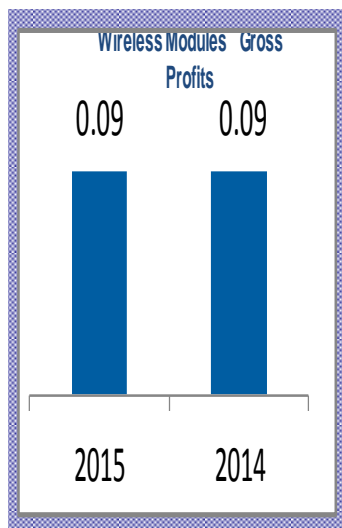
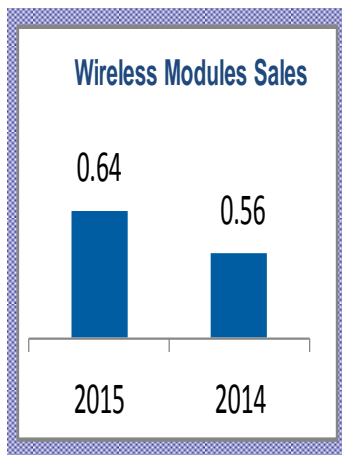
2015 Wireless Modules Business Performance

Wireless Modules Sales Volume, Revenue, Gross Profits & GP %

- Sales Volume:** set another new record of annual shipment in overall volume
- Revenue :** recorded more than 14% growth in overall revenue, attributable to the yoy surge of 30% in 3G module sales and 3 times of GNSS product sales
- Gross Profits:** over 4% growth over 2014 (HK\$0.94 B vs HK\$0.90 B) due to the increase in the shipment of 3G/4G products
- GP%:** 14.8% vs 16.3% (2014) due to rapid ASP reduction of 2G products and high investment cost of the new 4G products

Overall Business Performance

- **China Market:** The Group has maintained its leadership position in areas of the IOT markets - internet of vehicles, POS, wireless AMR, security and surveillance applications, these major application markets are expected to see robust growth in the future.
- **European/Asian market:** Customers in Western Europe have higher demand for the Group's 2G modules with a high price-performance ratio while customers in Eastern Europe have a strong demand for 3G products. Further, demand for 2G, 3G and GNSS modules has increased substantially in Southeast Asia and Australia, increasing the shipment volume in these regions more than 50% annually.
- **North American Market:** the shipment volume of the Group's 3G modules was stable and recorded a slight increase. Our SIM7100A 4G module was certified by **AT&T** and applied in products by certain customers. The Group is also designing 4G CAT1 modules which meet the requirements set by **AT&T**, as well as developing the module project in collaboration with **Verizon and Sprint**. In **Japan**, certification for 4G modules has been gradually completed and the design work for customers' terminal products has also commenced.



Sales & GP: HK\$ Billion

1H-2015 : GP% 14.8%
1H-2014 : GP% 16.3%

- **The Group expects:**
 1. 2G products will remain the core of IOT applications. The Group will continue to enrich its 2G product range and boost competitiveness of its products.
 2. As there is still room for growth in the 3G product market, the Group will launch 3G products with a **higher price-performance ratio** in 2016 while continuously increasing investment in the **GNSS products** and optimize the product range.
 3. 4G module products are the Group's most important focus and have enormous room for growth. The Group has commenced mass production of several CAT3/CAT4 products and will design CAT4 and CAT1 products with a high price-performance ratio
 4. The Group will continue to monitor the evolution of the **NB-IOT technology** application trend and will continue to enhance its relationship with major domestic and overseas operators. Given the good results and the solid foundation laid in the past years, the Group will still be able to maintain a leading position in the global IOT module application and solutions market.

Cloud Computing and Big Data Service Platform Businesses

- the Group has continued to focus on services for the elderly (**elderly cloud big data service platform**), as well as in the transportation (**LBS internet of vehicles**) and security sectors. Currently, the Group has deployed more than 50,000 units of virtual machines used for big data processing, providing all-round cloud computing services for its customers.
- the Group continued to enhance the digital and networking functions of its vending machines by uploading the status and transaction information of vending machines to the cloud platform in real time. The platform can assist customers to perform instant management of traditional operations businesses, as well as **support various O2O businesses** including advertising, online payment and purchase points redemption in loyalty programs.
- In 2015, the scope of the automatic vending machine business expanded from **retail and finance leasing to beverage trading, vending machine O2O operations and the manufacturing of smart vending machine controllers**. To attract more operators to join its platform, the Group has broadened its scope by adding the front-end supply chain business for automatic vending machines and the provision of **beverage and food wholesale and logistics service**. Despite the volume of wholesale goods recording a greater growth, the gross profit margin of these business was relatively lower, resulting in sales recorded notable growth as while its gross profit margin for the year greatly decreased.
- the Group will continue to further develop the value-added business within the intelligent automatic vending machine industry, accelerate cooperation within the cloud-based business. It will also step up promotion efforts of the **O2O business and to promote its big data service platform and service systems to domestic and overseas markets**.

Intelligent Manufacturing Business

- In 2015, the Group placed great emphasis on the development of the robotic automation business and officially established the intelligent manufacturing business segment. Currently, the **PCBA automatic testing system** is widely used by the leading handset processing plants in China and has been highly praised in the industry.
- During the year, the Group officially formed the “**SIM IMS (Intelligent Manufacturing System) Manufacturing Industry Alliance.**” The alliance has attracted a group of some non-standard automation integration companies. This platform, on a resource sharing base, facilitates the Group’s intelligent manufacturing business to expand rapidly from a handset manufacturing industry to other new **labour-intensive fields**, as it transforms from a single-unit intelligent equipment provider to a turnkey total automated solutions restructuring service provider.
- The Group aims to comply with the Industry 4.0 and Made in China 2025 strategic directives. With the goal of replacing manpower through automated restructuring, the Group has deployed PCS, MES and ERP systems in its factories to implement **an information management system across the entire manufacturing process.** The Group also engaged the world’s top visual analysts and established the SIM IMS Research Institute to focus on developing proprietary visual and artificial intelligent applications, some of which have been successfully applied in the market.
- At present, automation and intelligent applications are the shared goals in China’s manufacturing industry. Enhancement of production efficiency, automation and transformation have become urgent needs of all major enterprises. The management expects that 2016 should be a fast-growing period for SIM IMS. Riding on the success of 2015, the Group will continue to increase investment and expedite the pace of development in a bid to drive the intelligent manufacturing business to take advantage of this growth, achieve a few-fold increase and to become one of the Group’s core businesses in the future.

Property Business

Shenyang City (瀋陽)

As at 31 December 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 636 units had been sold. Phase III has a total of 456 residential units, of which 108 units had been sold.

Taizhou City (泰州)

As at 31 December 2015, Phase I of “Seven River in Sweet” (七里香溪), which is located in Taizhou City, the PRC, has a total of 310 residential units, of which 179 units had been sold. The construction of the Phase II has been started in the second half of year 2015.

The revenue recognised for Year was amounted to HK\$161.9 million (2014: HK\$211.2 million) with gross profit margin of 15.8% (2014: 21.0%).

The management has confidence that its high-end consumer handset, industrial application terminal ODM and wireless module businesses will deliver strong growth momentum. As it expands its scope of business, this momentum together with the growth driver created by the new businesses (IOT business and intelligent manufacturing business) positions the Group to continuously and steadily grow in the coming years

- Thank You -