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## SiS MOBILE HOLDINGS LIMITED

### 新龍移動集團有限公司\*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1362)

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors (the “Directors”) of SiS Mobile Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 together with comparative figures for the corresponding year in 2019 which are set out as follow:

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

For the year ended 31 December 2020

		<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>Notes</i> 4	<b>1,166,222</b>	439,774
Cost of sales		<b>(1,130,467)</b>	(420,113)
Gross profit		<b>35,755</b>	19,661
Other income		<b>2,390</b>	853
Other gains and losses, net	5	<b>174</b>	(1,315)
Selling and distribution expenses		<b>(10,319)</b>	(8,916)
Administrative expenses		<b>(16,406)</b>	(15,123)
Finance costs		<b>(276)</b>	(163)
Profit (loss) before tax	6	<b>11,318</b>	(5,003)
Income tax expense	7	<b>(488)</b>	-
Profit (loss) for the year		<b><u>10,830</u></b>	<b><u>(5,003)</u></b>
<b>Other comprehensive expense</b>			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Loss from changes in fair value of equity instruments at fair value through other comprehensive income		<b>(627)</b>	(795)
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company		<b><u>10,203</u></b>	<b><u>(5,798)</u></b>

\* For identification purposes only

		2020 <i>HK Cents</i>	2019 <i>HK Cents</i>
Earnings (loss) per share			
– Basic	8	<u>3.87</u>	<u>(1.79)</u>
– Diluted	8	<u>3.87</u>	<u>(1.79)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AT 31 DECEMBER 2020

		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current Assets</b>			
Property, plant and equipment		2,977	3,356
Right-of-use assets		6,700	5,793
Equity instruments at fair value through other comprehensive income		13,362	13,989
Rental deposit		418	-
		<u>23,457</u>	<u>23,138</u>
<b>Current Assets</b>			
Inventories		28,460	40,981
Trade and other receivables, deposits and prepayments	9	55,982	43,970
Tax receivable		-	1
Bank balances and cash		57,489	30,319
		<u>141,931</u>	<u>115,271</u>
<b>Current Liabilities</b>			
Trade payables, other payables and accruals	10	53,033	37,950
Contract liabilities		466	46
Lease liabilities		2,396	2,690
Tax payable		506	-
		<u>56,401</u>	<u>40,686</u>
<b>Net Current Assets</b>		<u>85,530</u>	<u>74,585</u>
<b>Total Assets less Current Liabilities</b>		<u>108,987</u>	<u>97,723</u>
<b>Non-current Liability</b>			
Lease liabilities		4,321	3,260
<b>Net Assets</b>		<u>104,666</u>	<u>94,463</u>
<b>Capital and Reserves</b>			
Share capital	11	28,000	28,000
Reserves		76,666	66,463
<b>Equity attributable to owners of the Company and total equity</b>		<u>104,666</u>	<u>94,463</u>

*Notes:*

**1. GENERAL**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 July 2014. The Company's immediate holding company is SiS International Holdings Limited ("SiS"), a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "HKSE").

The Company is an investment holding company. The principal activities of its principal subsidiaries are sales and distribution of mobile phones and related products in Hong Kong.

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKSE and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

**Amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early adopted the *Amendments to HKFRS 16 COVID-19 Related Rent Concessions*. The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in the sales and distribution of mobile phones and related products in Hong Kong. The executive directors of the Company, being the chief operating decision maker (“CODM”) for the purposes of resource allocation and performance assessment focuses mainly on revenue analysis by brand. As no other discrete financial information other than the consolidated revenue and consolidated profit or the Group are provided to CODM, no segment information is presented other than entity-wide disclosures.

## 4. REVENUE

Revenue represents the net amount received and receivable for goods sold arising from the sales and distribution of mobile phones and related products.

## 5. OTHER GAINS AND LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange gain (loss) , net	140	(161)
Gain on derecognition of right-of-use assets and lease liabilities upon termination of leases	176	13
Impairment losses under expected credit loss model, net of reversal	(139)	(66)
Loss on disposal of property, plant and equipment	(3)	(1,101)
	<u>174</u>	<u>(1,315)</u>

## 6. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging (crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories recognised as an expense (including write-down of inventories of HK\$28,000 (2019: Write-back of inventories of HK\$353,000))	1,130,467	420,113
Depreciation of property, plant and equipment	810	577
Depreciation of right-of-use assets	2,462	2,630
Expenses related to short-term leases	137	282
Dividend income from equity instruments at fair value through other comprehensive income	(297)	(459)
Government subsidy income from Employment Support Scheme provided by the Hong Kong government	(1,908)	-
	<u>(1,908)</u>	<u>-</u>

## 7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong		
Current year	506	-
Overprovision in prior years	(18)	-
	<u>488</u>	<u>-</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

## 8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the Group's profit attributable to owners of the Company of HK\$10,830,000 (2019: loss of HK\$5,003,000) and the number of ordinary shares of 280,000,000 (2019: 280,000,000).

The computation of the diluted earnings (loss) per share does not assume the exercise of the Company's share options as the exercise price of those share options is higher than the average market price of the Company's shares for both years.

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$25,429,000 (2019: HK\$16,419,000). The following is an aged analysis of trade receivables, net of allowance for credit losses HK\$161,000 (2019: HK\$25,000), presented based on the invoice date at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	19,596	12,162
31 to 60 days	4,566	3,715
61 to 90 days	1,163	221
91 to 120 days	104	308
Over 120 days	-	13
	<u>25,429</u>	<u>16,419</u>
Total trade receivables	<u>25,429</u>	<u>16,419</u>

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 days to its trade customers. No interest is charged on overdue debts.

## 10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$31,276,000 (2019: HK\$27,340,000). The average credit period on purchase of goods is 15 to 45 days. The following is an aged analysis of the trade payables based on the invoice date, at the end of each reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	24,982	18,250
31 to 90 days	73	2,553
91 to 120 days	20	1
Over 120 days	6,201	6,536
	<u>31,276</u>	<u>27,340</u>
Total trade payables	<u>31,276</u>	<u>27,340</u>

## 11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value <i>HK\$'000</i>
Authorised		
At 1 January 2019, 31 December 2019 and 2020	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid		
At 1 January 2019, 31 December 2019 and 2020	<u>280,000,000</u>	<u>28,000</u>

## **DIVIDEND**

No dividend or distribution has been declared or made by the Company during the year ended 31 December 2020 and up to the date of issue of these consolidated financial statements.

## **BUSINESS REVIEW AND PROSPECT**

The pandemic induced a “new normal” lifestyle for office workers. The Group opened up new channels with many of its online business partners in the area of e-commerce business to capture the increasing demand for office equipment such as laptops, tablets, high quality headphones and other IT peripherals & devices as more office workers moved to work remotely. In addition, the Group continued to expand its mobile phone range and added onto it various 5G devices and high performance phone models with the advent of 5G technology.

Given the uncertainty brought about by the Covid-19 pandemic and the global economic outlook, the Group will continue to implement stringent cost controls and find ways to trim operations and non-essential costs.

Business and way of life will not be the same again. We are closely monitoring the change and transition. The Group will continue to build new ways of doing business to generate revenue for long term sustainability

The directors are cautiously moving ahead. The global roll-out of vaccines against the novel coronavirus is expected to gradually lift business and bring about greater optimum and boost consumer confidence.

## **FINANCIAL REVIEW AND ANALYSIS**

### **Financial Review**

For the financial year ended 31 December 2020, revenue of the Group amounted to HK\$1,166,222,000 (2019: HK\$439,774,000), representing an increase of 165% compared to that of last year. This was mainly attributable to the Group actively adjusted its sales strategies to expand product range as well as sales channels. Despite gross profit margin of smartphone products were challenging, the net profit of the Company was HK\$10,830,000 whereas a net loss of HK\$5,003,000 was recorded for last year.

During the year, the Group’s total operating expenditures for the year amount to HK\$27,001,000 (2019: HK\$24,202,000), representing an increase of 12% compared to that of last year. That was mainly because of increase in logistic and staff costs when sale revenue grew.

The carrying amount of inventory as at 31 December 2020 amounted to HK\$28,460,000, representing a decrease of 31% compared to beginning of the year after taking necessary steps to control inventory to a healthier level.

## **Liquidity and Financial Resources**

As at 31 December 2020, the Group had total assets of HK\$165,388,000 which were financed by total equity of HK\$104,666,000 and total liabilities of HK\$60,722,000. The Group had current ratio of approximately 2.5 compared to that of approximately 2.8 at 31 December 2019.

As at 31 December 2020 the Group had HK\$57,489,000 (31 December 2019: HK\$30,319,000) bank balances and cash. The Group's working capital requirements were mainly financed by internal resources and bank borrowings. As at 31 December 2020 and 2019, the Group did not have any borrowings.

At the end of December 2020, the Group had net cash surplus of HK\$57,489,000 (31 December 2019: HK\$30,319,000).

## **Charges on Group Assets**

There was no pledged asset as at 31 December 2020 (31 December 2019: Nil).

## **Significant Investments**

The listed securities held by the Group are held for long term investment purpose and suffered a 4% decline during the year ended 31 December 2020, as a result of market volatility in both USA and Hong Kong stock markets. The fair value loss HK\$627,000 (2019: HK\$795,000) was accounted for in other comprehensive expense. There was no investment in an investee company with a value of 5% or more of the Group's total assets as at the year end date. During the year ended 2020, there was no addition or disposal to the portfolio and the Group received dividend income of HK\$297,000 (2019: HK\$459,000).

## **Number and Remuneration of Employees, Remuneration Policies, Bonus and Share Option Schemes**

The number of staff of the Group as at 31 December 2020 was 39 (31 December 2019: 39) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$12,727,000 (31 December 2019: HK\$11,257,000). In addition to the mandatory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives for directors and employees to work with commitment towards enhancing the value of the Company and its shareholders and therefore the Company can retain high caliber executives and employees. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.



## **Currency Risk Management**

Certain purchase of goods, other receivables and bank balances of the Group are denominated in United States Dollar (US\$), the currency other than the functional currencies of the relevant group entities. As Hong Kong Dollars are pegged to US\$, the management of the Group does not expect that there would be any material currency risk exposure between these two currencies. The Group currently does not have currency hedging policy. However, the management monitors the currency fluctuation exposure and will consider hedging significant currency risk exposure should the need arise.

## **Contingent Liabilities**

At 31 December 2020, the Group did not have any contingent liabilities or guarantees (31 December 2019: Nil).

## **ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY**

As a responsible organization, the Group is committed to maintain high environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including employment, workplace conditions, health and safety and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationship with its employees, has enhanced cooperation with its vendors and has provided high quality products and services to its customers and resellers so as to ensure sustainable development.

## **CORPORATE GOVERNANCE**

The Company has adopted the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with the code provision under the Code.

## **MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in securities of the Company. Having made specific enquiry of all directors, all directors confirmed they have complied with the Model Code.

## **AUDIT COMMITTEE**

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2020, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors. The financial figures in this announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditors.

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

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.sismobile.com.hk](http://www.sismobile.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2020 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before end of April 2021.

## **APPRECIATION**

Covid-19 virus has presented unprecedented challenges to individual's health and businesses. We would like to express our sincere appreciation to our committed staff for their contributions and hardworking, together with our customers, business partners and shareholders and directors for their support in SiS Mobile during this time, it is to their credit that our business continued without significant disruption in these difficult times.

On behalf of the Board of  
**SiS Mobile Holdings Limited**  
**LIM Kia Hong**  
*Chairman*

Hong Kong, 25 March 2021

*As at the date of this announcement, the directors of the Company are Mr. Lim Kiah Meng, Mr. Fong Po Kiu and Ms. Wong Yi Ting as executive directors, Mr. Lim Kia Hong and Mr. Lim Hwee Hai as non-executive directors and Ms. Chu Chung Yi, Ms. Ng See Wai Rowena and Ms. Doe Julianne Pearl as independent non-executive directors.*