



SiS Mobile Holdings Limited

新龍移動集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1362

2019

INTERIM REPORT

*For identification purpose only

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Message from the Chairman

Dear Shareholders,

I am pleased to present the financial results of the Group for the six-month period ended 30 June 2019.

RESULTS

Revenue for the interim period 2019 decreased 13% to HK\$218,289,000 as compared to the same period interim 2018. Net profit for the period amounted to HK\$143,000.

BUSINESS REVIEW

The first half of 2019 was beset with much uncertainties and challenges. Demand for smartphones continue to remain sluggish; demand for mobile and mobility devices continue to decline further as consumers await the introduction of new 5G enabled handsets. Gross profit margin remained stable.

Operating costs such as rental of warehouse space and inventory holding costs, etc. increased as the Company began to diversify into the growing gaming product segment. Total operating costs increased by 6% as compared to the same period last year.

PROSPECT

US-China trade tensions, and months of social unrest in Hong Kong since June 2019 had impacted businesses and resulted in a higher degree of uncertainties as we move into the second half of the year. Amid the challenging and difficult business environment, the directors are cautiously moving ahead.

APPRECIATION

We would like to thank our people – our committed staff for their hard working and contribution; our customers, business partners, shareholders and directors for their continued supports in SiS Mobile.

Lim Kia Hong

Chairman

Hong Kong, 22 August 2019

The directors (the “Directors”) of SiS Mobile Holdings Limited (the “Company”) are pleased to announce that the condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018. The interim report has been reviewed by the Company’s audit committee.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended	
		30 June	30 June
		2019	2018
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	218,289	250,304
Cost of sales		(205,966)	(237,485)
Gross profit		12,323	12,819
Other income		420	181
Selling and distribution expenses		(4,695)	(4,616)
Administrative expenses		(7,870)	(7,211)
Finance cost		(35)	–
Profit before tax	5	143	1,173
Income tax expense	6	–	(103)
Profit for the period		143	1,070
Other comprehensive expense			
<i>Items that will not be subsequently classified to profit or loss</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		(556)	(883)
Total comprehensive (expense) income for the period attributable to the owners of the Company		(413)	187
		HK cents	<i>HK cents</i>
Earnings per share	7		
– Basic		0.05	0.38
– Diluted		0.05	0.38

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2019

	Notes	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	1,377	649
Right-of-use assets		2,997	–
Equity instruments at fair value through other comprehensive income	10	14,141	14,638
		<u>18,515</u>	<u>15,287</u>
Current assets			
Inventories		58,109	50,005
Trade and other receivables, deposits and prepayments	11	36,650	55,281
Tax recoverable		2	–
Bank balances and cash		34,271	14,925
		<u>129,032</u>	<u>120,211</u>
Current liabilities			
Trade payables, other payables and accruals	12	44,574	33,627
Contract liabilities		117	1,607
Lease liabilities		1,548	–
Tax payable		–	3
		<u>46,239</u>	<u>35,237</u>
Net current assets		<u>82,793</u>	<u>84,974</u>
Total assets less current liabilities		<u>101,308</u>	<u>100,261</u>
Non-current liabilities			
Lease liabilities		1,460	–
Net assets		<u>99,848</u>	<u>100,261</u>
Capital and reserves			
Share capital	13	28,000	28,000
Reserves		71,848	72,261
Equity attributable to owners of the Company and total equity		<u>99,848</u>	<u>100,261</u>

Condensed Consolidated Statement Of Changes In Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to the owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Share options reserve HK\$'000	Investments reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2018 (audited)	28,000	2,522	3,497	7,418	245	61,016	102,698
Profit for the period	-	-	-	-	-	1,070	1,070
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	-	(883)	-	(883)
Total comprehensive income	-	-	-	-	(883)	1,070	187
At 30 June 2018 (unaudited)	28,000	2,522	3,497	7,418	(638)	62,086	102,885
At 1 January 2019 (audited)	28,000	2,522	3,497	7,418	(2,289)	61,113	100,261
Profit for the period	-	-	-	-	-	143	143
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	-	(556)	-	(556)
Loss and total comprehensive income	-	-	-	-	(556)	143	(413)
At 30 June 2019 (unaudited)	28,000	2,522	3,497	7,418	(2,845)	61,256	99,848

Note: The special reserve represents i) the contribution from SiS International Holdings Limited ("SiS International") in relation to the acquisition of Synergy Technologies (Asia) Limited in prior year and ii) the difference between the nominal value of the shares of the Company issued pursuant to the group reorganisation and the aggregate share capital of the companies comprising the Group as at the date of the group reorganisation.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended	
	30 June 2019 HK\$'000 (unaudited)	30 June 2018 HK\$'000 (unaudited)
Net cash from (used in) operating activities	<u>21,532</u>	<u>(6,284)</u>
Net cash used in investing activities	<u>(1,061)</u>	<u>(15,212)</u>
Net cash used in financing activities	<u>(1,125)</u>	<u>–</u>
Net increase (decrease) in cash and cash equivalents	19,346	(21,496)
Cash and cash equivalents at 1 January	<u>14,925</u>	<u>70,953</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u>34,271</u>	<u>49,457</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKSE”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies used in these condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

In the current period, the Group has applied the following new and amendments to HKFRSs that are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of Group’s condensed consolidated financial statements:

- HKFRS 16 Leases
- HK (IFRIC)-Int 23 Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9 Prepayment Features with Negative Compensation
- Amendments to HKAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28 Long-term Interests in Associates And Joint Ventures
- Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of new and amendments to HKFRSs in the current period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (*cont'd*)

Impacts and changes in accounting policies on application of HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis over the lease term.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (*cont'd*)

Key changes in accounting policies resulting from application of HKFRS 16 (*cont'd*)

As a lessee (*cont'd*)

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life.

Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (*cont'd*)

Key changes in accounting policies resulting from application of HKFRS 16 (cont'd)

As a lessee (*cont'd*)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (*cont'd*)

Transition and summary effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Transition and summary effects arising from initial application of HKFRS 16 (cont'd)

As a lessee (cont'd)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

At 1 January 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied by the relevant group entities is 3%.

	At 1 January 2019 HK\$'000 (unaudited)
Operating lease commitments disclosed as at 31 December 2018	2,032
Less: Recognition exemption – leases with terms ending within 12 months of the date of initial application	<u>(47)</u>
	1,985
Less: Total future interest expense at incremental borrowing rate	<u>(42)</u>
Lease liabilities as at 1 January 2019	<u>1,943</u>
Analysed as	
Current	656
Non-Current	<u>1,287</u>
	<u>1,943</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Transition and summary effects arising from initial application of HKFRS 16 (cont'd)

As a lessee (cont'd)

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. As the discounting effect is not significant, no adjustment was made to the refundable rental deposits paid at date of initial application, 1 January 2019.

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts reported at 31 December 2018 HK\$'000 (unaudited)		Adjustments HK\$'000 (unaudited)	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000 (unaudited)
Non-current Assets				
Right-of-use assets	–		1,943	1,943
Current Liabilities				
Lease liabilities	–		656	656
Non-current Liabilities				
Lease liabilities	–		1,287	1,287

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. SEGMENT 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 of 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 distribution and retail sales of mobile phones and related products.

5. PROFIT BEFORE TAX

	Six months ended	
	30 June	30 June
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	205,966	237,485
Allowance on obsolete and slow moving inventories	60	149
Allowance for doubtful debts	71	–
Depreciation of property, plant and equipment	270	197
Depreciation of right-of-use assets	1,101	–
Exchange loss, net	116	68
Interest expense on lease liabilities	35	–
Loss on disposal of property, plant and equipment	4	–
Dividend income	(197)	(181)
Interest income on bank deposits	(12)	–

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. INCOME TAX EXPENSE

Six months ended	
30 June	30 June
2019	2018
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The charge comprises:

Hong Kong Profits Tax

Current period

-	103
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Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit of HK\$143,000 (30 June 2018: profit of HK\$1,070,000) and the weighted average number of ordinary shares calculated below.

Six months ended	
30 June	30 June
2019	2018
'000 shares	'000 shares
(unaudited)	(unaudited)

Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share

280,000	280,000
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The computation of diluted earnings per share for the six months ended 30 June 2019 and 2018 did not assume the exercise of share options of the Company as the exercise prices of those options are higher than the average market prices of the Company for the periods.

8. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,002,000 (six months ended 30 June 2018: HK\$38,000) on the addition of property, plant and equipment.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Listed investments at fair value:		
Equity securities listed overseas	3,478	4,989
Equity securities listed in Hong Kong	10,663	9,649
Total	14,141	14,638

The fair values are determined based on the quoted market bid prices available on the relevant exchange.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$20,306,000 (31 December 2018: HK\$24,791,000). The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date at end of each reporting period.

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Within 30 days	12,423	14,818
31 to 60 days	7,176	7,725
61 to 90 days	498	2,208
91 to 120 days	209	40
Over 120 days	-	-
Total trade receivables	20,306	24,791

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.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$35,694,000 (31 December 2018: HK\$23,612,000). The average credit period on purchase of goods is 30 days. The following is an aged analysis of the trade payables presented based on the invoice date at end of each reporting period.

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Within 30 days	28,822	15,353
31 to 90 days	570	1,976
91 to 120 days	62	–
Over 120 days	6,240	6,283
Total trade payable	35,694	23,612

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised		
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	500,000,000	50,000
Issued and fully paid		
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	280,000,000	28,000

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

14. SHARE-BASED PAYMENTS

Pursuant to the SiS Mobile Share Option Scheme adopted by the Company on 16 December 2014, the Company may grant options to qualified persons, including employees and directors of the Company, its subsidiaries and associates, and third parties with a view to maintain business relationship with such persons to subscribe for shares of the Company.

Share options were granted by the Company on 25 June 2015. No options were granted, exercised, lapsed or forfeited during the period ended 30 June 2019.

Grantee	Outstanding number of share options
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	
Directors	6,390,000
Employees and others	1,500,000
	7,890,000

15. RELATED PARTY TRANSACTIONS

During the six month ended 30 June 2019, the group entered into a nineteen-month lease in respect of a property from a subsidiary of the immediate holding company of the Group for warehouse purpose. The amount of rent payable by the group under the lease is \$116,000 per month, which was determined with reference to market price in the region. At the commencement date of the lease, the group recognised a right-of-use asset and a lease liability of \$2,155,000 respectively.

The remuneration paid or payable to the Directors who are considered to be the key management personnel for the six months ended 30 June 2019 was HK\$2,091,000 (six months ended 30 June 2018: HK\$1,975,000).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

Financial Review and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had total assets of HK\$147,547,000 which were financed by total equity of HK\$99,848,000 and total liabilities of HK\$47,699,000. The Group had current ratio of approximately 2.8 compared to that of approximately 3.4 at 31 December 2018.

As at 30 June 2019, the Group had HK\$34,271,000 (31 December 2018: HK\$14,925,000) bank balances and cash. The Group's working capital requirements were mainly financed by internal resources.

The Group maintained a healthy liquidity position. As at 30 June 2019, the Group had a net cash surplus of HK\$34,271,000 (31 December 2018: HK\$14,925,000).

There was no borrowing as at 30 June 2019 (31 December 2018: Nil).

CHARGES ON GROUP ASSETS

There was no pledged asset as at 30 June 2019 (31 December 2018: Nil).

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND SHARE OPTION SCHEMES

The number of staff of the Group as at 30 June 2019 was 38 (30 June 2018: 37) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$6,210,000 (30 June 2018: HK\$6,169,000). In addition to the contributory 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. No share options have been exercised, granted, lapsed or forfeited during current period. 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.

Financial Review and Analysis

SIGNIFICANT INVESTMENTS

The listed securities held by the Group are held for long term investment purpose and suffered a 3.8% decline during the six months ended 30 June 2019, as a result of market volatility in both USA and Hong Kong stock markets. The fair value loss HK\$556,000 was accounted for in other comprehensive expense. During the interim period 2019, there was no addition or disposal to the portfolio except for receiving some script dividend of a listed security in Hong Kong and the Group received dividend income of HK\$197,000 (interim 2018: HK\$181,000).

Stock code	Stock name	As at 30 June 2019		As at 31 December 2018		Fair value gain/ (loss) credited/ (charged) to inv. reserve during 2019 (HK\$'000)
		No. of shares	Fair Value (HK\$'000)	No. of shares	Fair Value (HK\$'000)	
FEYE:US	Fire Eye Inc.	10,000	1,155	10,000	1,265	(110)
NTNX:US	Nutanix Inc.	11,480	2,323	11,480	3,724	(1,401)
1299.HK	AIA Group Limited	25,000	2,106	25,000	1,625	481
939.HK	China Construction Bank, Inc.	300,000	2,019	300,000	1,938	81
11.HK	Hang Seng Bank Limited	15,000	2,918	15,000	2,637	281
6823.HK	HKT Limited	100,000	1,240	100,000	1,128	112
5.HK	HSBC Holdings plc	36,734	2,380	35,821	2,321	-
			14,141		14,638	(556)

CURRENCY RISK MANAGEMENT

Certain purchase of goods, other receivables and bank balances of the Group are denominated in United States Dollars (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.

The Group did not have any derivatives financial instrument outstanding as at 30 June 2019 (31 December 2018: Nil).

Financial Review and Analysis

CONTINGENT LIABILITIES

At 30 June 2019, the Group did not have contingent liabilities or guarantees (31 December 2018: Nil).

Other Information

DIRECTORS' INTERESTS IN SHARES

At 30 June 2019, the interests of the Directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) Long positions in ordinary shares of HK\$0.10 each of the Company

Name of Director	Personal Interests	Family Interests	Joint Interests (Note 1)	Corporate interests (Note 2 and 3)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kia Hong	1,846,754	128,000	-	203,607,467	205,582,221	73.42%
Lim Kiah Meng	1,729,024	80,000	170,880	203,607,467	205,587,371	73.42%
Lim Hwee Hai	1,065,984	1,145,330	-	-	2,211,314	0.79%

Notes:

- (1) Shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) 146,442,667 shares are registered in the name of SiS International Holdings Limited ("SiS International"). It is owned as to approximately 50.5% by Gold Sceptre Limited.
- (3) Gold Sceptre Limited holds 44,915,200 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 4,083,200 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

Other Information

DIRECTORS' INTERESTS IN SHARES (cont'd)

(ii) Share options

Directors of the Company and their associates had interest in share options under the Company's share option scheme, detail of which are set out in "Share Options" below.

(iii) Long positions in the shares and underlying shares of associated corporation of the Company

Ordinary share of HK\$0.10 each of SiS International, which is listed on the Main Board of the HKSE (Stock Code: 00529).

Name of Director	Personal Interests	Family Interests	Joint Interests (Note 1)	Corporate interests (Note 2)	Total	Percentage
					number of issued ordinary shares held	of the issued share capital of SiS International
Lim Kia Hong	6,933,108	400,000	-	178,640,000	185,973,108	66.90%
Lim Kiah Meng	5,403,200	250,000	534,000	178,640,000	184,827,200	66.49%
Lim Hwee Hai	4,493,200	4,751,158	-	-	9,244,358	3.33%
Chu Chung Yi	1,662,000	-	-	-	1,662,000	0.60%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of SiS International. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

Other Information

DIRECTORS' INTERESTS IN SHARES (cont'd)

(iv) *Share options of SiS International, an associated corporation of the Company*

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options of SiS International
				Outstanding at 31 December 2018 (audited) and 30 June 2019 (unaudited)
Directors and their associates:				
Lim Kia Hong				
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000
Lim Hwee Hai (Note)				
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	100,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	100,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	100,000
Lim Kiah Meng				
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000
Wong Yi Ting				
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	20,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	20,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	20,000
				660,000

Note: Mr. Lim Hwee Hai interest in the share options of the Company includes the deemed interest in his spouse under the SFO.

Other Information

SHARE OPTIONS

For details of the Company's share option scheme, please refer to page 28 in the 2018 annual report.

The following table discloses movements in Company's share options during the period:

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options
				Outstanding at 31 December 2018 (audited) and 30 June 2019 (unaudited)
Directors and their associates:				
Lim Kia Hong				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
Lim Hwee Hai (Note)				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	600,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	600,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	600,000
Lim Kiah Meng				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
Fong Po Kiu				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	300,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	300,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	300,000
Wong Yi Ting				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	150,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	150,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	150,000

Other Information

SHARE OPTIONS (*cont'd*)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options
				Outstanding at 31 December 2018 (audited) and 30 June 2019 (unaudited)
Directors and their associates: (<i>cont'd</i>)				
Chu Chung Yi				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
Ng See Wai Rowena				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
Doe Julianne Pearl				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
Total directors and their associates				6,390,000
Employees and other qualified persons				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	500,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	500,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	500,000
Total employees and other qualified persons				1,500,000
Total number of share options				7,890,000

Note: Mr. Lim Hwee Hai interest in the share options of the Company includes the deemed interest in his spouse under the SFO.

Other than disclosed above, no share options were granted, exercised, forfeited or expired during the reporting period.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests and long positions in the issued share capital of the Company.

Long positions in ordinary shares of HK\$0.10 each of the Company

Name of Shareholder	Corporate interests (Note)	Approximate% of issued share capital of the Company
Summertown Limited	203,607,467	72.72%
Gold Sceptre Limited	191,357,867	68.34%
SiS International Holdings Limited	146,442,667	52.30%

Note: 146,442,667 shares are registered in the name of SiS International. SiS International is owned as to approximately 50.5% by Gold Sceptre Limited. Gold Sceptre Limited holds 44,915,200 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 4,083,200 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2019.

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 HKSE (the “Listing Rules”). Throughout the period ended 30 June 2019, the Company has complied with the code provision under the Code.

Other Information

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 interim report for the six months ended 30 June 2019, including the accounting policies and practices adopted by the Company.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the global offering on 15 January 2015 were approximately HK\$4.7 million. The Company intended to use the net proceeds in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” contained in the prospectus of the Company dated 31 December 2014. Since the listing of the Company’s shares, the Company has used approximately HK\$0.4 million from such proceeds as working capital per proposed applications.

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 period ended 30 June 2019.

On behalf of the Board of
SiS Mobile Holdings Limited

Lim Kiah Meng

Director

Hong Kong, 22 August 2019

Corporate Information

DIRECTORS

Non-executive Directors:

Lim Kia Hong (*Chairman*)
Lim Hwee Hai

Executive Directors:

Lim Kiah Meng
Fong Po Kiu
Wong Yi Ting

Independent Non-executive Directors:

Chu Chung Yi
Ng See Wai Rowena
Doe Julianne Pearl

AUDIT COMMITTEE

Chu Chung Yi (*Chairlady*)
Ng See Wai Rowena
Doe Julianne Pearl

REMUNERATION COMMITTEE

Ng See Wai Rowena (*Chairlady*)
Lim Kia Hong
Lim Kiah Meng
Chu Chung Yi
Doe Julianne Pearl

NOMINATION COMMITTEE

Lim Kia Hong (*Chairman*)
Lim Kiah Meng
Chu Chung Yi
Ng See Wai Rowena
Doe Julianne Pearl

COMPANY SECRETARY

Wong Yi Ting

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Cleary Gottlieb Steen & Hamilton (Hong Kong)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Oversea-Chinese Banking Corporation Ltd.
United Overseas Bank Limited

REGISTERED OFFICE

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Cayman Islands

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Kwun Tong
Kowloon, Hong Kong
Telephone: (852) 2138 3938
Fax: (852) 2138 3928

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Ltd.
Clifton House
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Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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INVESTOR RELATIONS

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