



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

INTERIM REPORT

2020

*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 2020.

RESULTS

Revenue for the reporting period decreased by 13% to HK\$189,850,000 with a decrease of gross profit from HK\$12,323,000 to HK\$8,096,000 when compared with the corresponding period last year. The Group recorded a net loss attributable to shareholders of HK\$3,380,000 compared to a net profit of HK\$143,000 in the last interim period.

BUSINESS REVIEW

The unprecedented business environment due to Covid-19 pandemic took a heavy toll on the business economy not only in Hong Kong but worldwide. Demand for mobile phones devices in Hong Kong plummet and shrank by 13% in the first half year 2020 when compared with the same period last year. On the other hand, demand for stay home devices and entertainment equipment such as tablets, notebooks, high quality headphones grew as more office workers were asked to work from home in an attempt to minimize Covid-19 infections as the situation worsened. Tapping on this growing trend, the Group seized the opportunity and accelerated the launch of online programs with business partners to open up new channels to boost the sales.

PROSPECT

Amid global economic uncertainty and the Covid-19 pandemic, the Group is cautiously moving ahead; adjusting our business model to emerge stronger from the pandemic fallout by focusing on exploring new business, reducing costs and enhance operational efficiency to maximize shareholders value.

APPRECIATION

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.

LIM Kia Hong

Chairman

Hong Kong, 27 August 2020

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 2020 together with comparative figures for the corresponding period in 2019. The interim report have 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 2020

		Six months ended	
		30 June	30 June
		2020	2019
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	189,850	218,289
Cost of sales		(181,754)	(205,966)
Gross profit		8,096	12,323
Other income		440	420
Selling and distribution expenses		(4,463)	(4,695)
Administrative expenses		(7,363)	(7,870)
Finance cost		(108)	(35)
(Loss) profit before tax	5	(3,398)	143
Income tax credit	6	18	—
(Loss) profit for the period		(3,380)	143
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		(2,760)	(556)
Total comprehensive expense for the period attributable to the owners of the Company		(6,140)	(413)
		HK cents	<i>HK cents</i>
(Loss) earnings per share	7		
— Basic		(1.21)	0.05
— Diluted		(1.21)	0.05

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	9	3,267	3,356
Right-of-use assets		4,118	5,793
Equity instruments at fair value through other comprehensive income	10	11,229	13,989
		18,614	23,138
Current assets			
Inventories		28,072	40,981
Trade and other receivables, deposits and prepayments	11	34,728	43,970
Tax recoverable		17	1
Bank balances and cash		52,319	30,319
		115,136	115,271
Current liabilities			
Trade payables, other payables and accruals	12	41,316	37,950
Contract liabilities		22	46
Lease liabilities		2,419	2,690
		43,757	40,686
Net current assets		71,379	74,585
Total assets less current liabilities		89,993	97,723
Non-current liabilities			
Lease liabilities		1,670	3,260
Net assets		88,323	94,463
Capital and reserves			
Share capital	13	28,000	28,000
Reserves		60,323	66,463
Equity attributable to owners of the Company and total equity		88,323	94,463

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to the owners of the Company						
	Share capital	Share premium	Special reserve	Share options reserve	Investments reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)				
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)
Profit and total comprehensive (expense)	—	—	—	—	(556)	143	(413)
At 30 June 2019 (unaudited)	<u>28,000</u>	<u>2,522</u>	<u>3,497</u>	<u>7,418</u>	<u>(2,845)</u>	<u>61,256</u>	<u>99,848</u>
At 1 January 2020 (audited)	28,000	2,522	3,497	7,135	(3,084)	56,393	94,463
Loss for the period	—	—	—	—	—	(3,380)	(3,380)
Fair value loss on equity instruments at fair value through other comprehensive income	—	—	—	—	(2,760)	—	(2,760)
Loss and total comprehensive expense	—	—	—	—	(2,760)	(3,380)	(6,140)
At 30 June 2020 (unaudited)	<u>28,000</u>	<u>2,522</u>	<u>3,497</u>	<u>7,135</u>	<u>(5,844)</u>	<u>53,013</u>	<u>88,323</u>

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 2020

	Six months ended	
	30 June	30 June
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	<u>23,624</u>	<u>21,532</u>
Net cash used in investing activities	<u>(280)</u>	<u>(1,061)</u>
Net cash used in financing activities	<u>(1,344)</u>	<u>(1,125)</u>
Net increase in cash and cash equivalents	22,000	19,346
Cash and cash equivalents at 1 January	<u>30,319</u>	<u>14,925</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u>52,319</u>	<u>34,271</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 at the end of each reporting period.

Other than additional accounting policies resulting from application of 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 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied the ***Amendments to References to the Conceptual Framework in HKFRS Standards*** and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of Group’s condensed consolidated financial statements:

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

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

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

Impacts of application on Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

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.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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. (LOSS) PROFIT BEFORE TAX

	Six months ended	
	30 June 2020 HK\$'000 (unaudited)	30 June 2019 HK\$'000 (unaudited)
(Loss) profit before tax has been arrived at after charging and (crediting):		
Cost of inventories recognised as an expense	181,754	205,966
(Reversal) allowance on obsolete and slow moving inventories	(5)	60
Allowance for credit losses	99	71
Depreciation of property, plant and equipment	366	270
Depreciation of right-of-use assets	1,235	1,101
Exchange (gain) loss, net	(97)	116
Interest expense on lease liabilities	71	35
Loss on disposal of property, plant and equipment	3	4
Dividend income	(117)	(197)
Interest income on bank deposits	(30)	(12)

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. INCOME TAX CREDIT

	Six months ended	
	30 June	30 June
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax — Prior period	(18)	—

The Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above the HK\$2 million for the qualified entity.

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share is based on the Group's loss of HK\$3,380,000 (30 June 2019: profit of HK\$143,000) and the weighted average number of ordinary shares calculated below.

	Six months ended	
	30 June	30 June
	2020	2019
	'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

The computation of diluted (loss) earnings per share for the six months ended 30 June 2020 and 2019 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.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$280,000 (six months ended 30 June 2019: HK\$1,003,000) on the acquisition of property, plant and equipment.

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Listed investments at fair value:		
Equity securities listed overseas	3,073	4,089
Equity securities listed in Hong Kong	8,156	9,900
Total	11,229	13,989

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

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$19,804,000 (31 December 2019: HK\$16,419,000). The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at end of each reporting period.

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Within 30 days	13,203	12,162
31 to 60 days	6,430	3,715
61 to 90 days	171	221
91 to 120 days	—	308
Over 120 days	—	13
Total trade receivables	19,804	16,419

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 2020

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$31,768,000 (31 December 2019: HK\$27,340,000). 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 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Within 30 days	24,933	18,250
31 to 90 days	612	2,553
91 to 120 days	2	1
Over 120 days	6,221	6,536
Total trade payable	31,768	27,340

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised		
At 1 January 2019 (audited), 31 December 2019 (audited) and 30 June 2020 (unaudited)	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid		
At 1 January 2019 (audited), 31 December 2019 (audited) and 30 June 2020 (unaudited)	<u>280,000,000</u>	<u>28,000</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020.

Grantee	Outstanding number of share options
At 31 December 2019 (audited) and 30 June 2020 (unaudited)	
Directors	6,390,000
Employees and others	<u>1,200,000</u>
	<u>7,590,000</u>

15. RELATED PARTY TRANSACTIONS

During the six month ended 30 June 2020, the group paid rent of HK\$1,307,440 (six months ended 30 June 2019: HK\$464,000) for office and warehouse space leased from a subsidiary of the immediate holding company of the Group. The rental was determined by reference to market rental in the region. In respect of the relevant lease contracts, the right-of-use asset and lease liability were HK\$4,118,000 and HK\$4,089,000 respectively as at 30 June 2020.

The remuneration paid or payable to the Directors who are considered to be the key management personnel for the six months ended 30 June 2020 was HK\$1,940,000 (six months ended 30 June 2019: HK\$2,091,000).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

Financial Review and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had total assets of HK\$133,750,000 which were financed by total equity of HK\$88,323,000 and total liabilities of HK\$45,427,000. The Group had current ratio of approximately 2.6 compared to that of approximately 2.8 at 31 December 2019.

As at 30 June 2020, the Group had HK\$52,319,000 (31 December 2019: HK\$30,319,000) 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 2020, the Group had a net cash surplus of HK\$52,319,000 (31 December 2019: HK\$30,319,000).

There was no borrowing as at 30 June 2020 (31 December 2019: Nil).

CHARGES ON GROUP ASSETS

There was no pledged asset as at 30 June 2020 (31 December 2019: Nil).

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

The number of staff of the Group as at 30 June 2020 was 35 (30 June 2019: 38) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$5,595,000 (30 June 2019: HK\$6,210,000). 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 20% decline during the six months ended 30 June 2020, as a result of market volatility in both USA and Hong Kong stock markets. The fair value loss HK\$2,760,000 was accounted for in other comprehensive expense. During the interim period 2020, there was no addition or disposal to the portfolio and the Group received dividend income of HK\$117,000 (interim 2019: HK\$197,000).

Stock code	Stock name	As at 30 June 2020		% to total assets	Fair value gain/(loss) credited/ (charged) to investment reserve during 2020
		No. of shares	Fair Value (HK\$'000)		(HK\$'000)
FEYE:US	Fire Eye Inc.	10,000	950	0.7%	(339)
NTNX.US	Nutanix Inc.	11,480	2,123	1.6%	(676)
1299.HK	AIA Group Limited	25,000	1,808	1.4%	(237)
939.HK	China Construction Bank, Inc.	300,000	1,881	1.4%	(138)
11.HK	Hang Seng Bank Limited	15,000	1,951	1.5%	(464)
6823.HK	HKT Limited	100,000	1,134	0.8%	36
5.HK	HSBC Holdings plc	38,178	1,382	1.0%	(942)
			11,229	8.4%	(2,760)

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.

Financial Review and Analysis

The Group did not have any derivatives financial instrument outstanding as at 30 June 2020 (31 December 2019: Nil).

CONTINGENT LIABILITIES

At 30 June 2020, the Group did not have any material contingent liabilities or guarantees (31 December 2019: Nil).

Other Information

DIRECTORS' INTERESTS IN SHARES

At 30 June 2020, 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 <i>(Note 1)</i>	Corporate interests <i>(Note 2 and 3)</i>	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 2019 (audited) and 30 June 2020 (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 30 in the 2019 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 2019 (audited) and 30 June 2020 (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 2019 (audited) and 30 June 2020 (unaudited)
Directors and their associates: (cont'd)				
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	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
Total employees and other qualified persons				1,200,000
Total number of share options				7,590,000

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 2020, 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	Approximate% of issued share capital of the Company
	<i>(Note)</i>	
Summertown Ltd	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 2020.

Other Information

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 2020, 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 condensed consolidated financial statements for the six months ended 30 June 2020, including the accounting principles 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 “Net Proceeds”). 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 set out in the section “Future Plans and Use of Proceeds” contained in the prospectus of the Company dated 31 December 2014.

The reason for postponement in using the Net Proceeds is due to the Group’s reassessment of changing customers’ consumption patterns. Consequently, rather than acquiring a new ERP system, the Company considers that its business needs would be better met by upgrading its existing information system including online e-commerce. At the same time, the property market in Hong Kong has moved upward continuously since the Listing. Property prices of commercial and industrial buildings remained high and the Group has difficulty in identifying properties for purchase at a reasonable price.

Other Information

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING (cont'd)

Since the occurrence of social events in Hong Kong in 2019 and after the outbreak of Covid-19 pandemic in 2020, the global market and business environment in Hong Kong have changed dramatically. The Board considered that the Group needs to adopt a more effective policy to develop its existing business operations in responding to the economic uncertainties and market conditions after the Covid-19 pandemic evolved rapidly globally, given its significant and continuing impact on the global economic and financial markets.

In light of the current market conditions, the Board has resolved that it would be in the best interest of the Company and its shareholders to reallocate the unutilised Net Proceeds which was originally assigned for acquisition of property to general working capital to meet the Group's business development and allow the Group to deploy its financial resources to cope with the economic uncertainties in the future.

The table below sets out the original allocation of Net Proceeds, the revised position after change in use and expected timeline for utilising of the unutilised Net Proceeds:

Planned use of Net Proceeds	As at 31 December 2019 and 30 June 2020				Expected timeline for utilisation
	Planned amount	Accumulated used amount	Unutilised Net Proceeds	Reallocation of Unutilised Net Proceeds	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1. Upgrade information system	519	—	519	519	31 December 2021
2. Acquisition of property	3,760	—	3,760	—	—
3. General working capital	439	(439)	—	3,760	31 December 2020
	<u>4,718</u>	<u>(439)</u>	<u>4,279</u>	<u>4,279</u>	

Other Information

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 2020.

On behalf of the Board of
SiS Mobile Holdings Limited

Lim Kiah Meng

Director

Hong Kong, 27 August 2020

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
Standard Chartered Bank (Hong Kong) Ltd.
United Overseas Bank Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

3118 No. 1 Hung To Road
Kwun Tong
Kowloon, Hong Kong
Telephone: (852) 2138 3938
Fax: (852) 2138 3928

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Ltd.
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
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STOCK CODE

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INVESTOR RELATIONS

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