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

ANNUAL REPORT 2023

*For identification purpose only

Contents

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
Doe Julianne Pearl
Cheng Tak Chung

AUDIT COMMITTEE

Chu Chung Yi *(Chairlady)*
Doe Julianne Pearl
Cheng Tak Chung

REMUNERATION COMMITTEE

Chu Chung Yi *(Chairlady)*
Lim Kia Hong
Lim Kiah Meng
Doe Julianne Pearl
Cheng Tak Chung

NOMINATION COMMITTEE

Lim Kia Hong *(Chairman)*
Lim Kiah Meng
Chu Chung Yi
Doe Julianne Pearl
Cheng Tak Chung

COMPANY SECRETARY

Wong Yi Ting

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
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.
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

1362

INVESTOR RELATIONS

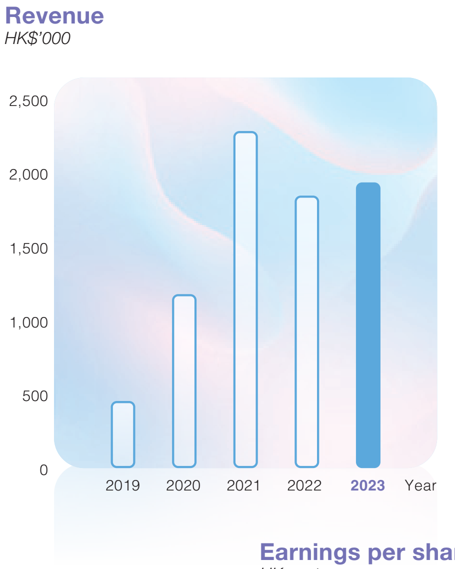
www.sismobile.com.hk
enquiry@sismobile.com.hk

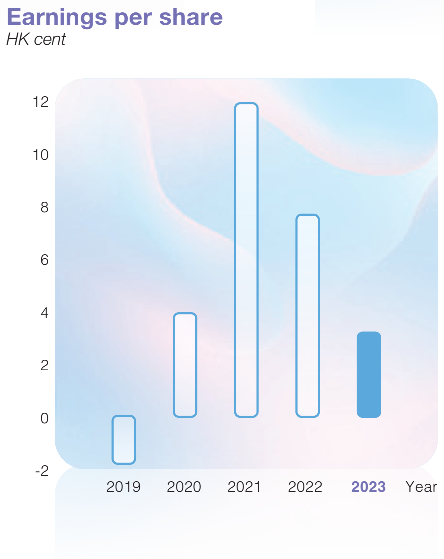
Dear Shareholders,

The financial year of 2023 presented our Group with unprecedented challenges as global economies transitioned into the COVID endemic phase, and Hong Kong grappled with persistent uncertainties.

FINANCIAL PERFORMANCE

While we witnessed a moderate increase in revenue to HK$1,935,876,000 from HK$1,837,386,000, the net profit for the period ending 31 December 2023, declined to HK$9,010,000 from HK$21,452,000. This challenging period was marked by increased operating costs, a sluggish recovery of the Hong Kong economy, lower demand for smartphones, and intense market competition, all contributing to the impact on our financial results. We are actively monitoring these challenges and are committed to improving our business, cost and operation efficiency.





BUSINESS REVIEW

The business landscape in Hong Kong during 2023 proved to be more difficult than anticipated. Despite initial expectations for a tourism-driven economic recovery, factors such as high inflation, geopolitical tensions, elevated living costs, and rising interest rates significantly influenced consumer sentiment.

PROSPECTS

In the face of ongoing volatility, our Group is resiliently navigating these hurdles by diversifying our product portfolio and expanding our product range. Bolstered by robust fundamentals and a sturdy balance sheet, we are well-positioned for significant progress. Our dedication extends beyond overcoming present obstacles. We are unwavering in our commitment to refining strategies for increased resilience. Through collaborative efforts in adaptation, management, and adjustment, we are confident in overcoming challenges and delivering enhanced value to our shareholders.

APPRECIATION

As we reflect on the past year, I extend my deepest gratitude for your unwavering support during these challenging times. I want to express profound appreciation to our committed staff, esteemed customers, valued vendors, and strategic partners who have demonstrated exceptional dedication; these combined with the guidance of our management team, empowering us to not only navigate adversity but thrive and grow stronger.

In closing, I sincerely appreciate our shareholders for your steadfast support. Your trust propels our determination to persevere, even in the face of subtle growth. As we continue navigating uncertain waters, I remain confident that our measured approach will steer us toward a better future and sustainable growth.

Thank you for your continued trust and support.

LIM Kia Hong
Chairman

20 March 2024

FINANCIAL REVIEW

For the financial year ended 31 December 2023, revenue of the Group increased 5% to HK$1,935,876,000. Fierce market competition and persistent subdued consumer sentiment in the smartphone industry, leading to downward pressure on gross profit margins. In addition, inflation and putting more resources on sales force while lacking of government subsidy in 2023, all contributing to higher operating cost for the year and resulting decline in net profit to HK$9,010,000.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had total assets of HK$232,062,000 which were financed by total equity of HK$163,316,000 and total liabilities of HK$68,746,000. The Group had current ratio of approximately 3.3 at 31 December 2023 compared to that of approximately 4.0 last year.

As at 31 December 2023 the Group had HK$110,498,000 (31 December 2022: HK$86,122,000) cash and cash equivalents. The Group's working capital requirements were mainly financed by internal resources and borrowings. As at 31 December 2023 and 2022, the Group did not have any borrowings.

At the end of December 2023, the Group had net cash surplus of HK$110,498,000 (31 December 2022: HK$86,122,000).

CHARGES ON GROUP ASSETS

There was no pledged asset as at 31 December 2023 (31 December 2022: Nil).

SIGNIFICANT INVESTMENTS

The listed securities held by the Group are held for long term investment purpose and have 12.5% increase value during the year ended 31 December 2023, as a result of market improvement in USA stock markets. The fair value gain HK$1,343,000 (2022: loss HK$264,000) 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. The Group received dividend income of HK$466,000 (2022: HK$365,000).

Stock Code	**Stock Name**	**31.12.2023 # of share**	**31.12.2023 Fair Value** HK$'000	**credited/ (charged) to Investment Reserve during 2023** HK$'000	**% to total asset**
NTNX.US	Nutanix Inc.	11,480	4,271	1,939	1.9%
1299.HK	AIA Group Limited	25,000	1,701	(469)	0.7%
11.HK	Hang Seng Bank Limited	15,000	1,366	(581)	0.6%
5.HK	HSBC Plc	38,178	2,405	551	1.0%
939.HK	China Construction Bank Limited	300,000	1,395	(72)	0.6%
6823.HK	HKT Limited	100,000	932	(25)	0.4%
			12,070	1,343	5.2%

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

The number of staff of the Group as at 31 December 2023 was 65 (31 December 2022: 48) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK$18,817,000 (31 December 2022: HK$17,200,000). 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 payables, other receivables and bank balances of the Group are denominated in United Stated 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 2023, the Group did not have any contingent liabilities or guarantees (31 December 2022: Nil).

ABOUT THIS REPORT

SiS Mobile Holdings Limited ("SiS Mobile" or "the Group") is one of the leading distributors of mobile phones in Hong Kong with extensive distribution channels. Distribution customers are wholesale customers, telecommunications services operators and chain retailers in Hong Kong. SiS Mobile acts as the mobility devices distributor of Samsung, Honor, Nothing, Shure, TCL, etc. SiS Mobile has been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") since 15 January 2015 (Stock Code: 1362). With our strong commitment to the well-being of stakeholders and the environment, stringent standards are endorsed in the entire product manufacturing value stream in order to deliver enduring value to our major stakeholders. The Group is pleased to present our 8th environmental, social and governance ("ESG") report (the "Report").

REPORTING SCOPE

The Report presents the Group's ESG management approach, environmental and social performance and material topics within our operational boundaries listed below during the period from 1 January 2023 to 31 December 2023 (the "Reporting Period" or "FY2023"). The scope of this Report includes the environmental and social performance of the main operations of the Group in Hong Kong. There were no changes in the reporting scope as compared to previous year.

REPORTING GUIDELINE

In preparing this Report, the Group has complied with the "mandatory disclosure requirements" and the "Comply or Explain" provisions in accordance with the Environment, Social and Governance Reporting Guide (the "Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Main Board Listing Rules") and in accordance with the practical circumstances of the Company.

In the course of the Report's preparation, we have adhered to the following reporting principles set out in the ESG Reporting Guide:

MATERIALITY

The Report contains issues that reflect material ESG impact or substantially affect stakeholders.

CONSISTENCY

The Report uses consistent methodologies of ESG data over time. Any changes to the methods used or any other relevant factors affecting the methodologies have been disclosed in the Report.

BALANCE

The Report provides an unbiased picture of our performance. The Report avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report reader.

QUANTITATIVE

The Report discloses key performance indicators in ways that can be measured so that the effectiveness of ESG policies and management systems can be evaluated and validated.

FEEDBACK

Any comments or suggestions on this Report or the Group's sustainable development management are welcome. If you have any comments or suggestions, please feel free to contact us at:

— Address: 3118, No.1 Hung To Road, Kwun Tong, Kowloon, Hong Kong

— Telephone: (852) 2138 3938

— Email: enquiry@sismobile.com.hk

— Website: www.sismobile.com.hk

BOARD STATEMENT

Adhering to its vision of sustainability, the Company is committed to generating maximum value for its shareholders as well as balancing interests of the environment, society and other aspects to promote harmony and prosperity for different kinds of stakeholders.

To strengthen our management on sustainable development, an ESG governance structure was established. The Board takes full accountability for the Group's ESG governance and sustainable development. They are responsible for monitoring the Group's material ESG issues, performance, and evaluating the ESG-related risks and opportunities regularly. Under the authorization of the Board, the management considers and evaluates various stakeholders' concerns and interests by materiality assessment to determine the Group's ESG management approach, strategy, priorities, and objectives. The Group has set related ESG targets. In the future, we will conduct a progress review under the goals and improve the work of sustainable development.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and ESG issues. To understand the concerns of various stakeholders, the Group have engaged and discussed with various business functions and management personnel to communicate with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and environmental, social and governance measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, with a view to driving long-term prosperity and creating greater value for the community.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Key Stakeholder Groups	Major Engagement Channels	Topics of interest/concern
Shareholders	Investor relations communication, Shareholder meeting	Business strategies and sustainability Financial performance Corporate governance
Employees	Meeting and Staff interview	Training Promotion Employee remuneration Safety and respectful workplace
Customers	Business relationship/Feedback	Produce quality and consistent service Client data security
Government	Disclosures and Statutory filings	Compliance with laws and regulations Environment protection
Suppliers and business partners	Business relationship	Fair competition Business ethics

MATERIALITY ASSESSMENT

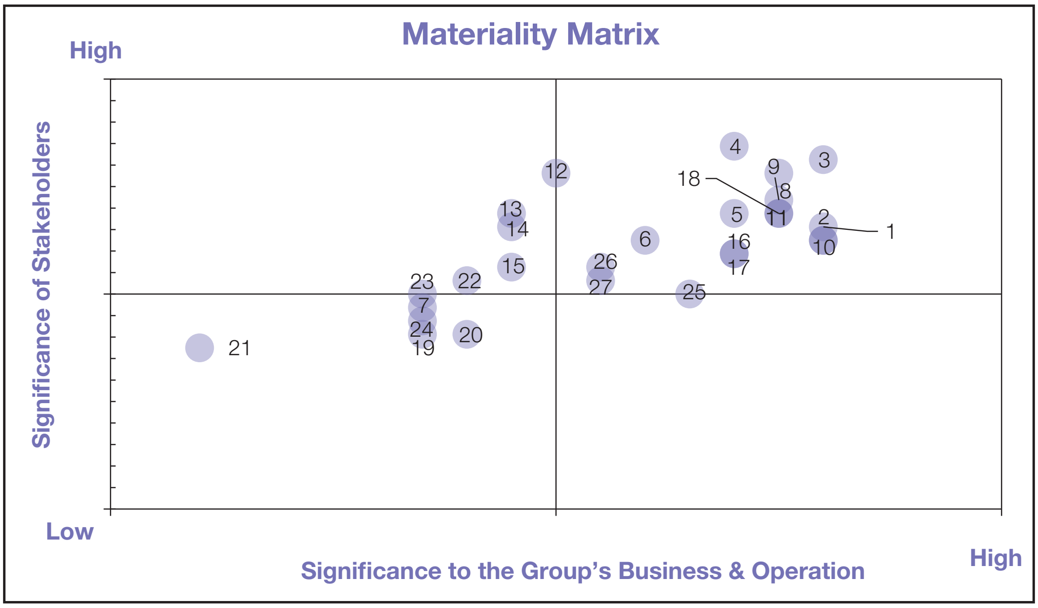
The Group has conducted an extensive survey with the primary objective of delving into the paramount significance associated with various ESG components concerning the stakeholders and the seamless functioning of the Group's intricate business and operation.

Through this meticulous inquiry, the Group sought to discern and comprehend the intricate interplay between these ESG elements and their impact on the relevant stakeholders, as well as the overall functioning and sustenance of the Group's multifaceted business undertakings. This comprehensive analysis allowed the Group to garner deep insights into the multifarious dimensions of ESG and how they intertwine with the interests and expectations of the discerning stakeholders.

Furthermore, by conducting this far-reaching survey, the Group aimed to underscore the potential influence that ESG elements exert on the Group's long-term viability and competitiveness within the dynamic business landscape. The results of this undertaking will enable the Group to make well-informed decisions and formulate effective strategies that align with the ever-evolving needs and aspirations of its diverse stakeholders, ultimately contributing to the Group's sustainable growth and success.

MATERIALITY ASSESSMENT (CONTINUED)

A number of environmental, social and operation topics were identified for the material assessment after performing desktop research. Significance of the topics for the Group and its stakeholders are assessed to help the Group understand the gap between its development direction and the stakeholders' expectations. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:



Corporate Sustainability Map Labels

Social — Operation/Employment	Social — Operation/Employment	Environment
1. Product and Service Quality	10. Anti-Corruption Policy and Whistleblower Procedures	20. Climate Change Risk
2. Customer Experience and Satisfaction	11. Intellectual Property Rights Protection	21. Greenhouse Gas Emission Reduction
3. Customer Data and Privacy Protection	12. Safeguard Network Security	22. Waste (Hazardous and Non-Hazardous Waste) Reduction
4. Optimise Cooperation with Supplier	13. Protect Employee's Rights and Interests	23. Energy Consumption Reduction
5. Supply Chain ESG Management	14. Occupational health and safety	24. Waster Consumption Reduction
6. Responsible supply chain management	15. Staff Training and Employment Development	25. Packaging Materials Consumption Reduction
7. Anti-COVID 19 Epidemic	16. Equal Opportunity, Diversity and Anti-Discrimination	26. Environmentally Friendly Products
8. Operate in a Credible and Compliant Manner	17. Prohibit Child Labour and Forced Labour	27. Environmental Compliance
9. Corporate Governance and Risk Management	18. Compliance Employment	
	19. Community Charity and Investment	

According to the results of the materiality matrix, the Group should focus on Social — operation/employment aspects. Looking forward, the Group will continue to review and develop corresponding ESG policies and targets, as well as optimizing the ESG reporting disclosure in order to pursue continuous improvement in our ESG performance in future.

ENVIRONMENTAL

The Group has done all within its power to safeguard the environment at work and in its commercial operations. The Group also provides awareness training to its staff on the importance of supporting the environment. The Group works to minimize any negative effects on the environment that may be linked to its operations by identifying and managing those effects.

A1. Emissions

The Group is one of the leading mobile phones and related products distributors in Hong Kong. Products are provided by renowned suppliers. The operations of the Group do not have significant impact to the environment. There is no generation of hazardous waste as we are not manufacturers and there is no vehicle owned or controlled by the Group for operations. Office and warehouse are leased and delivery service is outsourced for cost effectiveness.

However, the Group takes steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions and seeks less harmful ways to the environment in the operations.

As an effort to environmental protection, the Group replaced its cars for travelling to electrical vehicles to reduce its greenhouse gas emissions from mobile combustion. The Group was also able to reduce its energy indirect emissions to 69.8 tonnes (2022: 71.1 tonnes). The other indirect emissions increased to 11.2 tonnes (2022: 8.1 tonnes), all of which was attributed to the resumption of business air travel since the opening of border compared to the previous reporting years.

Emission	**FY2023**	FY2022
Scope 1: GHG emissions from mobile combustion	**0.0 tonnes**	0.5 tonnes
Scope 2: Energy Indirect Emissions	**69.8 tonnes**	71.1 tonnes
Scope 3: Other Indirect Emissions	**11.2 tonnes**	8.1 tonnes
— Paper waste disposed at landfills	**7.3 tonnes**	8.1 tonnes
— Business air travel by employee	**3.9 tonnes**	0.0 tonnes
Total greenhouse gas emission from scope 1 to 3	**81.0 tonnes**	78.3 tonnes
Carbon Intensity (tCO_2 per total number of employee)[1]	**1.25tCO_2**	1.63tCO_2

Note:

1. As at 31 December 2023, the Group has a total of 65 employees (as at 31 December 2022: 48 employees), which will be used to calculate other intensity data.

Non-hazardous waste produced (paper waste, printer cartridges, tonner bottle) was 1,525 kg (2022: 1,413 kg), with non-hazardous waste intensity of 23kg (2022: 29kg) per employee.

ENVIRONMENTAL (CONTINUED)

A2. Use of Resources

For FY2023, electricity consumption was 110,742 kWh, with energy intensity of 1,704 kWh per employee, and recorded 1.8% lower than 112,821 kWh for FY2022, keep improving continuously because we took steps to improve air circulation system.

Water usage remains at 163 cubic meters (with water consumption intensity of 2.51 cubic meters per employee), although it is still insignificant.

Finished goods were basically delivered to our resellers at original packaging. No material additional packaging materials were required.

Air conditioners, computers and office lights are switched off during non-business hours, to minimise light pollution and reduce energy consumption.

A3. The Environment and Natural Resources

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing office wastage in daily operations. For energy saving and greenhouse emission reduction, air-conditioners filters are cleaned and maintained regularly, recycling bins are provided at our office with waste paper and used toner cartridges collected for recycling. The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, we arranged conference calls or video conference instead of face-to-face meetings where possible.

The Producer Responsibility Scheme ("PRS") on waste electrical and electronic equipment ("WEEE"), also known as WPRS, aims to promote recycling and proper disposal of WEEE generated in Hong Kong. With effect from 1 August 2018, our products, including mobile phones, tablets, monitors and laptops are covered in the "Regulated Electrical Equipment" ("REE"). As a distributor or reseller, when we sell REE and if requested by customers, we should arrange for the customer a free removal service to dispose of the same class of equipment abandoned by the customer in accordance with the endorsed plan. We must also provide recycling labels to customers purchasing REE, and a receipt containing the prescribed wording on the recycling levies. Our removal service plan is endorsed by the Environmental Protection Department for selling REE. During the Reporting Period, the Group has complied relevant statutory requirement when selling REE.

A4. Climate Change

Due to the nature of the Group's operations, no significant climate-related issues which have impacted to the Group.

SOCIAL

B1. Employment and Labour Practices

Employment, Remuneration and Benefits, Recruitment and Promotion

The Group is compliant with the Employment Ordinance and associated guidelines. Our full-time staffs are entitled to paternity and compassionate leaves, healthcare and mandatory provident fund. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices. We encourage a healthy work-life balance among staffs so as to maintain a healthy lifestyle. Number of staff was increased by 35% (or 17) during the Reporting Period. As at 31 December 2023, the Group had a total of 49 (2022: 47) permanent staffs and a total of 16 (2022: 1) non-permanent staffs, such as part time staff, contract staff and promotors.

Workforce by age group and gender in FY2023:

Age/Gender	Male	Female	Total	% to total
Below 30	3	6	9	14%
30 to 50	20	22	42	64%
Over 50	10	4	14	22%
Total no. of employees	33	32	65	100%

Workforce by age group and gender in FY2022:

Age/Gender	Male	Female	Total	% to total
Below 30	3	1	4	8%
30 to 50	15	20	35	73%
Over 50	6	3	9	19%
Total no. of employees	24	24	48	100%

SOCIAL (CONTINUED)

B1. Employment and Labour Practices (Continued)

Employment, Remuneration and Benefits, Recruitment and Promotion (Continued)

Turnover rate[2] by age group and gender in FY2023:

Age/Gender	Male	Female	Total
Below 30	37.5%	0.0%	15.8%
30 to 50	6.0%	4.9%	5.4%
Over 50	14.6%	0.0%	9.2%

Turnover rate[2] by age group and gender in FY2022:

Age/Gender	Male	Female	Total
Below 30	0.0%	0.0%	0.0%
30 to 50	23.5%	14.8%	18.2%
Over 50	28.9%	54.5%	34.3%

Note:

2. Calculation method of turnover rate: number of employees lost during the year ÷ (number of employees at the beginning of the year + number of employees at the end of the year)/2*100%

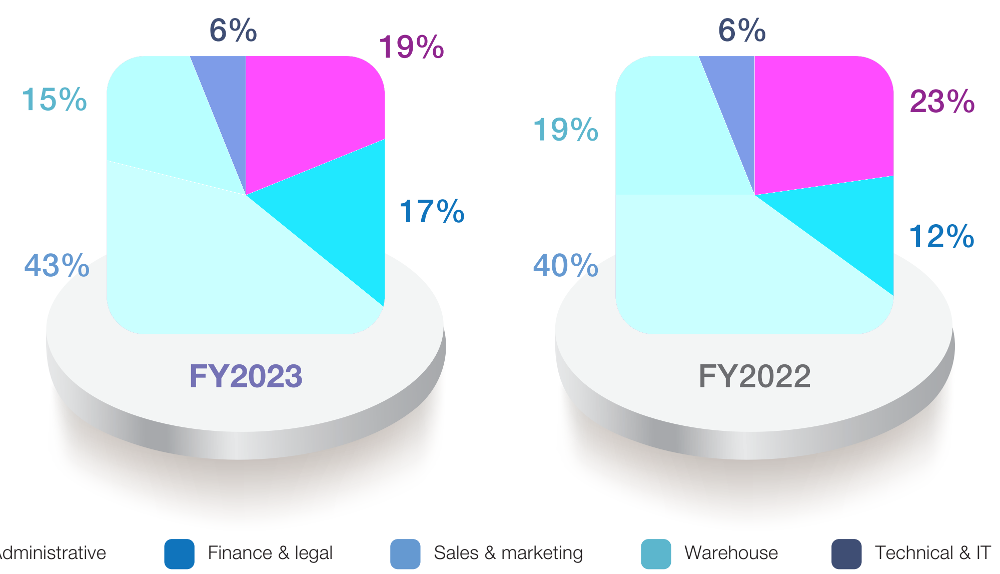
SOCIAL (CONTINUED)

B1. Employment and Labour Practices (Continued)

Employment, Remuneration and Benefits, Recruitment and Promotion (Continued)

To attract, motivate and retain experienced staffs, we reviewed their pay packages annually with prevailing market conditions to ensure they are competitive under volatile and severe market. To create incentives for directors and senior staffs to work with commitment toward enhancing the value of the Group and its shareholders, the Company adopted share option scheme and grant share options to eligible staffs of the Group since 2015.

Workforce by function:



Diversity and Equal Opportunities

The diversity of our employees provides us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. At a senior management level, our board diversity policy in selection of candidates taking into account an extensive range of characteristics, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

SOCIAL (CONTINUED)

B2. Health and Safety

In the Employees Code of Conduct, the Group has required employees to actively cooperate with various safety and hygiene measures implemented by the Group, and has implemented the following measures to ensure the health and safety of employees:

- Check the office area carefully before leaving, turn off the unnecessary power, close the doors and windows and eliminate dangers;
- Keep the workplaces with good ventilation;
- Keep the workplaces clean and tidy;
- Avoid overcrowded workplaces;
- Keep basic first aid equipment in the office;
- Report immediately to the relevant people and handle properly when there is an accident; and
- Propose adjustment plans to avoid the similar incidents, etc.

The Group provided a safe and healthy environment in the work places for all staffs. During the Reporting Period, no products sold/shipped recall due to health concerns/complaints were received (2022: no products sold/shipped recall due to health concerns/complaints). Air purifiers were placed in workplace to improve air circulation and quality.

For each of the past three years including the reporting year, the Group has no major safety and work-related accidents and lost working days due to work-related injuries, nor has it paid claims or compensation to its employees due to such incidents.

B3. Development and Training

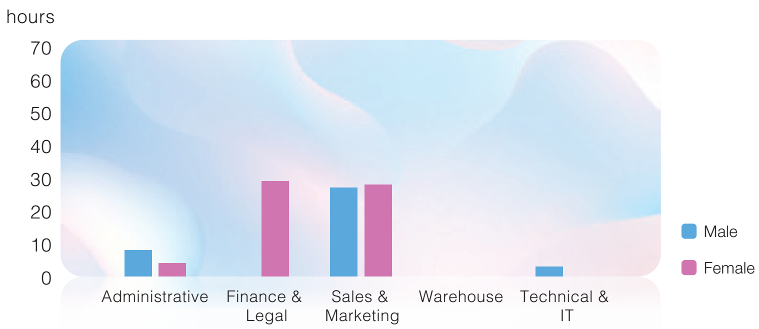
As a distributor of renowned brands mobile phones and related products in Hong Kong, our sales force and technical staffs processes broad knowledge of mobile phones in order to provide the best services to our resellers. We work closely with suppliers to keep our sales teams updated on the latest technology and features of new products before product launches. The Group understands training and development is one of the keys to success. We offer both internal and external training to our key staffs. In daily operations, the Group provides induction training for new employees. Experienced employees will act as mentors to guide the new comers on jobs.

During the Reporting Period, total training hours offered was 107 hours (2022: 133 hours) for 43% employees of the Group (2022: 77%), average 2 hours (2022: 3.6 hours) per trained staff. Those training were focusing on product knowledge, accounting, regulatory compliance update and ethical behaviour. The Group also updates the latest information of the industry and laws and regulations which is essential to the Group’s operation and their job responsibilities from time to time.

SOCIAL (CONTINUED)

B3. Development and Training (Continued)

Total training hours by gender and function for FY2023:



Percentage of employees trained[3] by gender and function for FY2023:

Function/Gender	Male	Female	Total
Administrative	100%	18%	50%
Finance & Legal	N/A[5]	27%	27%
Sales & Marketing	55%	88%	64%
Warehouse	0%	0%	0%
Technical & IT	25%	N/A[5]	25%

Average training hours per employees[4] trained by gender and function for FY2023:

Function/Gender	Male	Female	Total
Administrative	2.0	0.4	1.0
Finance & Legal	N/A[5]	3.4	3.4
Sales & Marketing	1.4	3.5	2.0
Warehouse	0	0	0
Technical & IT	0.8	N/A[5]	0.8

Notes:

3. Percentage of employees trained: Number of employees trained (by gender and function) during the year ÷ Total employees (by gender and function) at the end of the year*100%.

4. Average training hours per employee: Total training hours of employees (by gender and function) during the year ÷ Number of employees (by gender and function) at the end of the year.

5. During the Reporting period, we had no male staff under Finance & Legal function and no female staff under Technical & IT function.

SOCIAL (CONTINUED)

B3. Development and Training (Continued)

The Group also encourages and provides subsidies to employees to pursue educational or training opportunities that achieve personal growth and professional development.

B4. Labour Standards

The Group has complied with Hong Kong labour laws and government regulations. The Group does not employ staffs who are below 21 years of age. No employee is paid less than the minimum wage specified by the government regulations. Monthly salary payments and the Mandatory Provident Fund Scheme payment are made on time.

Verification of the applicant's identification is necessary during the hiring procedure, and it is completely forbidden to recruit children for labor. For verification, each candidate must additionally submit documentation attesting to their educational background and professional experience. We will not hire applicants who we suspect of falsifying their employment history or academic credentials. The Group bans forced labor and enters into employment contracts with each of its employees in compliance with applicable Hong Kong laws and regulations.

B5. Supply Chain Management

Sound supply chain management ensures the Group to sustain its business operations and development. As well as leveraging our extensive network of mobile phones distribution, we have maintained strong relationships with our suppliers. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operation.

Currently we mainly procured mobile phones and mobility products of 5 (2022: 5) internationally renowned brands from our suppliers. 99.97% (2022: 100%) of finished goods were supplied from Hong Kong. The remaining were supplied from the Mainland China, Macau and Taiwan.

B6. Product Responsibility

The marketing of mobile phones and related products to general public are usually devised by suppliers and the Group is also providing marketing services to our suppliers. During holidays and festivals, we work with our suppliers to offer products at promotional prices through print and media advertising campaigns.

SOCIAL (CONTINUED)

B6. Product Responsibility (Continued)

Suppliers of products provide warranty on the products they supply to the Group for distribution. Suppliers are responsible for provided or procuring the provision of in-warranty service to the end users. Generally, the warranty period providing by suppliers are about one to two years. The Group also adopts the following quality control policies on the products to be sold:

- Inventory management team performs a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and

- If any defects are identified, the relevant product will be returned to the supplier for replacement.

End users safety is always in the top priority. The Group takes speedy action together with our supplier for any quality issues at all time.

During the Reporting Period, we have not received any cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products we were distributed during the Reporting Period.

The routine work of the Group always involves the intellectual property rights of customers, suppliers and the Group, therefore protection of intellectual property rights is very important. Protective clauses were added to the contracts entered into with customers and suppliers to safeguard the intellectual property rights of all parties.

The Group is also committed to the Personal Data (Privacy) Ordinance. Customer's personal data shall be highly protected. Privacy policy and personal information collection statements in our websites demonstrate a commitment to safeguarding each customer's personal data privacy. Employees are committed not to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known.

By implementing these stringent measures, we aim to maintain the highest levels of data security and confidentiality, fostering trust and peace of mind among our valued customers. Safeguarding your privacy is not just a commitment, but a fundamental principle that underpins our operations and interactions with all stakeholders.

B7. Anti-Corruption

Ethical and responsible conduct

In our comprehensive and diligently crafted Code of Conduct and Whistle-blowing Policy, we have meticulously outlined the Group's unwavering stance regarding matters concerning conflicts of interest, intellectual property rights, privacy and confidentiality of information, bribery, corruption, and non-competition. It serves as the beacon of ethical guidelines that all employees are mandated to strictly adhere to.

SOCIAL (CONTINUED)

B7. Anti-Corruption (Continued)

Ethical and responsible conduct (Continued)

The Company will constantly keep itself updated with the regulations in relation to the prevention of commercial bribery, money laundering, fraud and extortion. It will also enhance education to all staff of the Company in this regard in order to forbid different kinds of commercial misbehaviours. During the Reporting Period, the Company has distributed guidelines and policies on anti-corruption to each new employee and required them to read and sign to acknowledge that they have received them.

These informative sessions are carefully conducted, aiming to cultivate a deep-rooted sense of responsibility and accountability within our employees. Through these seminars, we consistently reaffirm our commitment to maintaining the integrity and credibility of our organization. By keeping our staff well-versed in the regulations, we equip them with the tools necessary to navigate the intricate landscape of ethical decision-making, ensuring that our operations are carried out in a manner that garners respect and trust from all stakeholders involved.

In 2023, the Company made diligent efforts to schedule seminars with ICAC. However, due to the inability to find mutually convenient time slots, the seminars did not take place during that year. The Company intends to proactively coordinate with ICAC to schedule the aforementioned seminars in 2024.

By combining the framework of our Code of Conduct and Whistle-blowing Policy with the enlightening seminars we organize, we strive to foster a workplace environment that upholds the highest ethical values and principles. This concerted effort underscores our unwavering commitment to conduct business in a professional, just, and transparent manner, resonating with our core philosophy that guides our every action.

During the Reporting Period, there were no incidents of corruption reported within the Group (2022: nil).

B8. Community Participation

We contribute to the community to show our deep care and awareness of the society. The physical health, mental health and the need of labour are the focused topics of the Group. We also encourage our employees to take part in volunteering activities to build a closer connection with different community groups.

In addition, serving the community by way of cash and in-kind donations are considered most direct and effective. During the Reporting Period, donation of HK$9,000 (2022: HK$9,000) was made to charity organization.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and responsibility. The Company has adopted the Corporate Governance Code (the "Code") as set out in the Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules"). During the year, the Company has complied with the code provisions under the Code.

CORPORATE STRATEGIES

The Group aims to maintain it's leading position in Hong Kong and will continue to seek market share by (i) broaden product offerings and brand portfolio of the Group; and (ii) further expand distribution network and strengthen the quality of customer services provided by sales team of the Group.

BOARD OF DIRECTORS

The Board is responsible for formulating business strategies, and monitoring the performance of the business of the Group. Other than the daily operational decisions which are delegated to the management of the Group, most of the decisions are taken by the Board. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board is currently constituted by eight members, including three executive Directors, two non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:
Mr. Lim Kiah Meng
Mr. Fong Po Kiu
Ms. Wong Yi Ting

Non-executive Directors:
Mr. Lim Kia Hong *(Chairman)*
Mr. Lim Hwee Hai

Independent Non-executive Directors:
Ms. Chu Chung Yi
Ms. Doe Julianne Pearl
Mr. Cheng Tak Chung

Biographical details of each Director and relationship between board members are set out on pages 30 to 31 of the annual report.

Each of the Non-Executive Director (including Independent Non-Executive Director ("INED")) has entered into a service contract with the Company for a specific term ranging from one to three years and is subject to re-election by the Company at an annual general meeting upon retirement.

Each INED has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. One of the INED possesses the appropriate professional accounting qualifications and financial management expertise.

DIRECTORS NOMINATION POLICY

The nomination, appointment and removal of Directors are considered by the Nomination Committee. The Nomination Committee shall make recommendations to the Board whenever they consider appropriate.

The Company has consolidated its nomination procedures and selection criteria of directors into the nomination policy of the Company (the "Directors Nomination Policy"), which was approved and adopted by the Company, and was effective on 1 January 2019. The summary of the Directors Nomination Policy is as follows:

When considering a candidate nominated for directorship or a director's proposed re-appointment, the Board will take into account the following factors as a reference:

- the candidate's character and honesty;
- whether the qualification, skills, experience, industry knowledge of the candidate meet the business needs or are in line with the long term development of the Company;
- effect on the board's composition and diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and the compliance with the board diversity policy of the Company;
- commitment of the candidate to devote sufficient time to effectively discharge his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
- the requirement of appointing independence non-executive directors to the board under the Listing Rules and the independence of a candidate pursuant to Rule 3.13 of the Listing Rules;
- any potential/actual conflicts of interest that may arise if the candidate is selected;
- for the appointment or re-appointment of independent non-executive directors, the independence of the candidate and his/her immediate family from the Company; and
- in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served.

The above factors are for reference only, and not meant to be exhaustive and decisive.

DIRECTORS NOMINATION POLICY (CONTINUED)

Subject to the provisions in the Company's articles of association ("Articles of Association"), if the Board recognizes the need to appoint an additional director, the following procedures should be adopted:

- the Board shall call a meeting and invite nominations of candidates from the Nomination Committee of the Company for consideration by the Board prior to its meeting;
- the Board may use any process it deems appropriate to assess the suitability of and the potential contribution to the Board by the candidates based on (but not limited to) the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references;
- the Board shall hold a physical meeting to consider the matter and avoid the making of decisions by written resolutions unless it is impractical that a physical meeting be held; and
- the Board shall provide to the Shareholders for its consideration with all the information required, including information set out in Rule 13.51(2) of the Listing Rules in relation to the candidates.

In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from shareholders, a circular accompanying the notice of the relevant general meeting will be sent to shareholders of the Company. The circular will set out the lodgment period for shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders of the Company.

BOARD DIVERSITY

The Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Company considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, professional background and skills of the Directors, and the gender ratio (male to female is 5 to 3).

BOARD COMMITTEES

The Board has established three Committees. The table below provides the membership information of these Committees on which certain Board members serve:

Director	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Lim Kia Hong	—	C	M
Mr. Lim Kiah Meng	—	M	M
Ms. Chu Chung Yi	C	M	C
Ms. Doe Julianne Pearl	M	M	M
Mr. Cheng Tak Chung	M	M	M

Notes:

C — Chairman of the relevant Committee
M — Member of the relevant Committee

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Lim Kia Hong is the Chairman of the Company while Mr. Lim Kiah Meng is the Managing Director (i.e. the Chief Executive). The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive focuses on the Company's business development and daily management and operations generally.

AUDIT COMMITTEE

The Audit Committee was set up with written terms of reference with effect from 15 January 2015 and is comprised of all INEDs. Ms. Chu Chung Yi was appointed as the Chairlady.

The main duties of the Audit Committee include:

- to consider the appointment, reappointment and removal of the external auditors, the audit fee and terms of engagements, and any questions of resignation or dismissal of that auditors;

- to monitor integrity of half-yearly and annual financial statements before submission to the Board;

- to review the Company's financial controls, risk management and internal controls systems; and

- to review the Group's financial and accounting policies and practices.

The Audit Committee has met four times during the year 2023 and has reviewed the management accounts, half-year and annual financial results of the Group and its subsidiaries. Audit Committee had met with external auditors of the Company without the present of Executive Directors on reviewing the annual financial results of the Group.

NOMINATION COMMITTEE

The Nomination Committee was set up with written terms of reference with effect from 15 January 2015 and is comprised of all INEDs, one non-executive Director and one executive Director, namely Messrs. Lim Kia Hong and Lim Kiah Meng respectively. Mr. Lim Kia Hong is the Chairman of the Nomination Committee.

The duties of the Nomination Committee shall be:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- assess the independency of independent non-executive Directors; and

- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

During the year 2023, Nomination Committee held two meetings to review and discuss the composition of the Board of the Company, to assess the independency of independent non-executive Directors, and to recommend re-appointment of Directors. The Nomination Committee considered that the experience, expertise, leadership and qualification of the existing Directors are sufficient to maintain corporate governance of the Company and manage the operations of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 15 January 2015 and is comprised of all INEDs, one non-executive Director and one executive Director, namely Messrs. Lim Kia Hong and Lim Kiah Meng respectively, with Ms. Chu Chung Yi as Chairlady with effect from 1 January 2023.

The Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management, and reviewing and approving the compensation payable to executive Directors and senior management. During the year, the Remuneration Committee held one meeting, and the members had reviewed the remuneration policy and determined remuneration of Directors and senior management.

REMUNERATION COMMITTEE (CONTINUED)

Pursuant to Code Provision E.1.5 of the Code, details of the annual remuneration of the directors and senior management by band for the year ended 31 December 2023 are as follows:

Remuneration band	Number of individuals
HK$0 to HK$1,000,000	6
HK$1,000,001 to HK$2,000,000	—
HK$2,000,001 to HK$3,000,000	2

Details of the remuneration of directors and the five highest paid employees for the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements.

CORPORATE GOVERNANCE FUNCTIONS

The Board is collectively responsible for performing the corporate governance duties which have been formalised into the terms of reference of the Board, a summary of which are as follows:

- To develop and review the Company's policies and practices on corporate governance and make any changes it considers necessary to ensure their effectiveness;
- To review and monitor the training and continuous professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

The Board performed its corporate governance duties and Corporate Governance Report contained in this Annual Report has approved by the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry of all Directors, the Directors of the Company have complied with the Model Code.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of affairs of the Group. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 43 to 46.

AUDITORS' REMUNERATION

During the year ended 31 December 2023, the Group had engaged external auditors, Deloitte Touche Tohmatsu, to provide audit service at HK$855,000 audit fee. No non-audit service was provided by the auditor during the financial year.

ATTENDANCE OF MEETINGS

The following table shows the attendance of each Director at general meeting, meetings of the Board and the above committees during the year 2023:

	General Meeting	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings during the year	(1)	(6)	(4)	(2)	(1)
Executive Directors					
Lim Kiah Meng	1/1	6/6	n/a	2/2	1/1
Fong Po Kiu	1/1	6/6	n/a	n/a	n/a
Wong Yi Ting	1/1	6/6	n/a	n/a	n/a
Non-Executive Directors					
Lim Kia Hong	1/1	5/5	n/a	2/2	1/1
Lim Hwee Hai	1/1	5/5	n/a	n/a	n/a
Independent Non-Executive Directors					
Chu Chung Yi	1/1	5/5	4/4	2/2	1/1
Doe Julianne Pearl	1/1	5/5	4/4	2/2	1/1
Cheng Tak Chung	1/1	5/5	4/4	2/2	1/1

RISK MANAGEMENT AND INTERNAL CONTROLS

System of internal controls is defined as a system of internal controls procedures which is used to help the achievement of business objectives, and safeguard the Group's assets; to ensure proper maintenance of accounting records and compliance with relevant legislation and regulations.

The management of the Group would evaluate the risk management and internal controls system periodically and enhance the system when necessary. The Company has in place an internal audit function, whereby internal auditors would review the risk management and internal controls system on an ongoing basis covering all major operations of the Group on a rotational basis, and reported directly to the Audit Committee and Board on a regular basis.

Through the internal control functions of the Group, two reviews were conducted during the year 2023 and reports were reviewed by Audit Committee. The Directors considered that the risk management and internal control systems are adequate and effective.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Company is responsible for arranging and funding suitable training for its directors. During the year 2023, the Company organised training regarding the latest developments in Listing Rules and other applicable regulatory requirement for the directors, to ensure compliance and enhance their awareness of good corporate governance practices. In addition, individual directors also participated in other courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials. The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials. The Company has devised a training record to assist the Directors to record the training they have undertaken.

During the year, the Directors participated in continuous professional development activities as set out below:

	Attending trainings/ briefings/seminars
Executive Directors	
Lim Kiah Meng	✓
Fong Po Kiu	✓
Wong Yi Ting	✓
Non-Executive Directors	
Lim Kia Hong	✓
Lim Hwee Hai	✓
Independent Non-Executive Directors	
Chu Chung Yi	✓
Doe Julianne Pearl	✓
Cheng Tak Chung	✓

COMPANY SECRETARY

Ms. Wong Yi Ting has been appointed as company secretary of the Company since 16 December 2014. She is a Certified Public Accountant, an associate of Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. She has complied the 15 hours of relevant professional training requirements under the Rule 3.29 of the Listing Rules for the year ended 31 December 2023.

NON-COMPETITION UNDERTAKING

The controlling shareholder of the Company entered into Deed of Non-Competition in favour of the Company on 24 December 2014 ("Deed of Non-Competition"). The controlling shareholder confirmed its compliance of all the undertakings provided under the Deed of Non-Competition. The independent directors of the Company have reviewed the status of compliance and enforcement of the Deed of Non-Competition and it is considered that the terms of the Deed of Non-Competition have been complied by the controlling shareholder.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

To enhance the communication with investors, or shareholders, the Company has established several communication channels, including (a) the annual and extraordinary general meetings which provide a forum for shareholders to communicate directly with the Board; (b) printed corporate documents mailing to shareholders; (c) announcement disseminating the latest activities of the Group on the web-sites of the Company and the Stock Exchange; (d) meeting with investment fund managers and investors; and (e) the Company's web-site providing an electronic means of communication.

During the year 2023, the Company has made certain amendments to its Memorandum and Articles of Association ("Articles") to conform to the Listing Rules for shareholder protections and to incorporate certain housekeeping changes. A Copy of the updated Company's Articles is available on web-sites of the Company and the Stock Exchange. Shareholders may refer to the Company's Articles for further details of their rights.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Company's Articles, one or more shareholder(s) holding at the date of the deposit of the requisition in aggregate not less than one-tenth of the voting right (on a one vote per share basis) in the share capital of the Company may make a written requisition to convene an extraordinary general meeting and add resolutions to the meeting agenda. Such requisition must state the objects of the meeting and must be signed by the shareholders and deposited at the Company's office.

For avoidance of doubt, an extraordinary general meeting called for the passing of a Special Resolution shall be called by at least 21 days' notice in writing, and a meeting of the Company other than an annual general meeting or an extraordinary general meeting for the passing of a Special Resolution shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

3118, No.1 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Fax: (852) 2138 3928
Email: enquiry@sismobile.com.hk

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the web-sites of the Company (www.sismobile.com.hk) and the Stock Exchange (www.hkexnews.hk) immediately after the relevant general meetings.

Directors' and Senior Management Profiles

Mr. LIM Kia Hong, aged 67, is a non-executive Director and chairman of the Group. He is the brother of Mr. Lim Kiah Meng and brother-in-law of Mr. Lim Hwee Hai. Mr. Lim is one of the co-founders of the Group and had joined SiS International Holdings Limited ("SiS International") since 1983. Together with a team of committed management and staff, Mr. Lim is credited with the success of transforming the SiS International from a small privately-owned family business in Singapore to one of most dynamic business groups involving in distribution, ventures, investments and real estate businesses. Mr. Lim is involved in all phases of SiS Group's developments and is instrumental in bringing SiS Mobile to be listed on the Hong Kong Stock Exchange.

Mr. Lim is the chairman and CEO of parent group, SiS International, whose shares are listed on the Main Board (Hong Kong Stock Code: 00529). He is also a non-executive director of SiS Distribution (Thailand) Public Co., Ltd. ("SiS Thai"), a public listed company on the Thailand Stock Exchange. In addition, Mr. Lim is a director of IT Consultants PLC. ("ITCL") whose shares are listed on The Dhaka Stock Exchange ("DSE") and The Chittagong Stock Exchanges ("CSE"). Mr. Lim graduated from University of Washington, US with a bachelor's degree in business administration and is responsible in planning and development of SiS Group.

Mr. LIM Kiah Meng, aged 70, is an executive Director and Managing Director of the Company, brother of Mr. Lim Kia Hong and brother-in-law of Mr. Lim Hwee Hai. Mr. Lim is one of the co-founders of the Group and had joined SiS International in Hong Kong since 1987. He has over thirty years' experience in the information and communication technology industry ("ICT"), and is responsible for the Group's operations.

Mr. Lim is also an executive director of SiS International. Since April 2013, Mr. Lim has also been a non-executive director of SiS Thai. He is a director of ITCL whose shares are listed on DSE and CSE. Mr. Lim obtained a master's degree in international management from the American Graduate School of International Management, US in August 1980.

Mr. FONG Po Kiu, aged 55, is an executive Director and Co-CEO of the Group. Mr. Fong is responsible for the general management and business operations and development of the Group. Mr. Fong has been working for Synergy Technologies (Asia) Limited since April 2004 and has over thirty years of working experience in the ICT industry in Hong Kong. Mr. Fong graduated from Hong Kong Polytechnic with professional diploma in company secretaryship and administration in November 1990.

Mr. Fong is currently the Honorary President of Hong Kong Information Technology Federation (HKITF), Founding & Honorary Chairman of Hong Kong Association of Interactive Marketing (HKAIM). In addition, he serves as a member in various committees of The HKSAR Government, such as Standing Committee on Technological Developments, Office of the Privacy Commissioner for Personal Data (PCPD); Telecommunications Regulatory Affairs Committee (TRAAC), Office of the Communications Authority (OFCA); Electronic Road Pricing Pilot Scheme in Central-International Expert Panel, Transport Dept (TD); and Management Committee on Smart Fund, Transport Department (TD).

Mr. Fong has been a fellow member of The Hong Kong Computer Society since June 2004. Mr. Fong is also a fellow member of The Chartered Government Institute UK & Ireland, and The Hong Kong Chartered Governance Institute since August 2001 and a fellow member of The Professional Validation Centre of Hong Kong Business Sector (PVCBS) since 2019.

Ms. WONG Yi Ting, aged 49, is an executive Director and the company secretary of the Company. Ms. Wong is responsible for the financial and accounting management of the Group. From September 1997 to April 2001, Ms. Wong worked for Deloitte Touche Tohmatsu. Since April 2001, Ms. Wong has been serving the finance department at SiS HK Limited. Ms. Wong has been an associate of Hong Kong Institute of Certified Public Accountants since April 2001. She is also an associate of Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Wong obtained a bachelor's degree in accountancy from City University of Hong Kong in November 1997.

Mr. LIM Hwee Hai, aged 74, is a non-executive Director and the brother-in-law of Mr. Lim Kiah Meng and Mr. Lim Kia Hong. Mr. Lim is one of the co-founders of the Group and had joined the SiS International since 1983. He is an executive director of SiS International. He has over forty years' experience in the ICT industry and is responsible for the operations of SiS International in Thailand and the Asia-Pacific region.

Since 2004, Mr. Lim has been a non-executive director of SiS Thai, a company whose shares are listed on the Stock Exchange of Thailand. He is also a director of ITCL whose shares are listed on DSE and CSE. From September 2013 to May 2018. Mr. Lim was an independent non-executive director of Valuemax Group Limited, a company whose shares are listed on the Stock Exchange of Singapore. Mr. Lim obtained a bachelor's degree in commerce from Nanyang University, Singapore in July 1973 and a master's degree in business administration from the National University of Singapore, Singapore in July 1998.

Ms. CHU Chung Yi, aged 57, is an independent non-executive Director of the Company. Ms. Chu worked for Deloitte Touche Tohmatsu from August 1991 to December 1994. From January 1995 to July 1996, Ms. Chu acted as an accounting manager in the finance and accounts department at Moulin Optical Manufactory Limited. From August 1996 to January 2005, Ms. Chu worked as the financial controller and company secretary of the SiS International. Ms. Chu has been an associate of the Chartered Association of Certified Accountants since November 1994, the Hong Kong Institute of Certified Public Accountants since January 1995, The Hong Kong Chartered Governance Institute since April 1997, the Institute of Chartered Secretaries and Administration since April 1997 and a fellow of the Association of Chartered Certified Accountants since November 1999. Ms. Chu obtained a bachelor's degree in accountancy from City Polytechnic of Hong Kong in November 1991 and a master's degree in business administration from The Chinese University of Hong Kong in December 1999.

Ms. DOE Julianne Pearl, aged 61, is an independent non-executive Director of the Company. Ms. Doe has been a solicitor of the High Court of Hong Kong since September 1988 and she is currently a partner of Cheng & Wong Solicitors. She obtained the bachelor's degree in laws and postgraduate certificate in laws from the University of Hong Kong in November 1984 and in July 1985, respectively. Ms. Doe also obtained the master's degree in laws from the University of Cambridge, U.K. in October 1986. Ms. Doe is engaged in corporate and commercial legal practice.

Mr. CHENG Tak Chung, aged 67, appointed as an independent non-Executive Director of the Company from 1 January 2023. During the period between April 1983 and September 2008, Mr. Cheng served various roles in IBM China/Hong Kong Limited, a multinational technology and consulting corporation, and he held the position of GCG channel director in the general management office before he left such company. From September 2008 to September 2011, Mr. Cheng worked as the vice president and general manager of Avnet Partner Solutions, greater China region, a distributor of IT services. He was an independent non-executive director of Microware Group Limited (HK Stock Code: 01985) from 14 February 2017 to 28 November 2023. Mr. Cheng received a bachelor's degree in science from the University of Wisconsin-Stevens Point in the United States in August 1980 and a master's degree in business administration from Northern Michigan University in the United States in August 1982.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 47.

The Board now recommend the payment of final dividend of 1.5 HK cents per share to the shareholders on the register of members on 4 July 2023, amounting to totally HK$4,200,000.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 is set out in the sections "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 6 of this Annual Report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on page 92. The summary does not form a part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$138,000 (2022: HK$70,000) on acquisition of property, plant and equipment. Details of the movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Act of the Cayman Islands, amounted to HK$122,372,000. The amount includes the Company's share premium and special reserve of HK$104,521,000 in aggregate at 31 December 2023, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DIVIDEND POLICY

The Board of the Company may declare and distribute dividends to the shareholders of the Company, provided that the Company records a profit and that the declaration and distribution of dividends do not affect the normal operations of the Company and its subsidiaries (the "Group"). The Board may, subject to the Articles of Association of the Company, make recommendation to the shareholders on the distribution of final dividends and may from time to time pay to the shareholders interim dividends based on the financial position of the Company. The Company's ability to declare dividends will depend on, among others, the operating results and earnings, capital requirements, general financial condition, prevailing economic environment and other factors of the Company which the Board then consider relevant, and the interest of the shareholders and the Company as a whole.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:
Mr. Lim Kiah Meng
Mr. Fong Po Kiu
Ms. Wong Yi Ting

Non-executive directors:
Mr. Lim Kia Hong *(Chairman)*
Mr. Lim Hwee Hai

Independent non-executive directors:
Ms. Chu Chung Yi
Ms. Doe Julianne Pearl
Mr. Cheng Tak Chung

In accordance with article 108(a) of the Company's Articles, Mr. Lim Kia Hong, Mr. Fong Po Kiu and Ms. Chu Chung Yi retire from office by rotation and, being eligible, offer themselves for re-election.

Each of the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to re-election by the Company at an annual general meeting upon retirement. The Articles of Association of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors of the Group are disclosed in the section headed "Directors and Senior Management Profiles" on pages 30 to 31 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of Compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain.

The Company has put in place appropriate insurance cover in respect of Directors' liability throughout the year.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2023, 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 Stock Exchange of Hong Kong Limited 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 Directors	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%

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

(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 Holdings Limited ("SiS International"), which is listed on the Main Board of the Stock Exchange (HK Stock Code: 00529).

Name of Directors	Personal Interests	Family Interests	Joint Interests *(Note 1)*	Corporate interests *(Note 4)*	Total number of issued ordinary shares held	Percentage 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	4,541,200	4,751,158	—	—	9,292,358	3.34%
Chu Chung Yi	1,662,000	—	—	—	1,662,000	0.60%

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 Ltd. 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 41.3% and 40.3%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

(4) 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 41.3% and 40.3%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 31 December 2022 and 2023
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.

SHARE OPTIONS

On 16 December 2014 by written resolution, the Company adopted a share option scheme ("Scheme") pursuant to which selected participants may be granted options to subscribe for shares as incentives or rewards for their service rendered to the Group and any entity in which any member of the Group holds any equity interest.

The purpose of the Scheme is to provide an incentive for any director, employee and qualified participant to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders, and to maintain or attract business relationship with the qualified participants whose contributions are or may be beneficial to the growth of the Group. Directors believe that Scheme adopted by the Company enables the Group to recruit and retain high caliber executives and employees.

The terms of the Scheme comply with the provisions of Chapter 17 of the Listing Rules.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date when the Scheme was adopted. The Company may seek approval by its shareholders in general meeting to refresh the limit on the number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised to not exceeding such number of shares as shall represent 30% of the Shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or INED in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within thirty business days from the offer letter together with a payment of HK$100 as consideration of grant. Options may be exercised in a period of time as set out in the offer letter to each grantee. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.

SHARE OPTIONS (CONTINUED)

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

Date of grant	Vesting period	Exercisable period	Exercise price HK$	No. of share options Outstanding at 31 December 2022	Lapsed during 2023	Outstanding at 31 December 2023
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	(400,000)	–
25.06.2015	26.06.2015–31.12.2016	01.01.2017–30.06.2023	2.36	400,000	(400,000)	–
25.06.2015	26.06.2015–31.12.2017	01.01.2018–30.06.2023	2.36	400,000	(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	(600,000)	–
25.06.2015	26.06.2015–31.12.2016	01.01.2017–30.06.2023	2.36	600,000	(600,000)	–
25.06.2015	26.06.2015–31.12.2017	01.01.2018–30.06.2023	2.36	600,000	(600,000)	–
Lim Kiah Meng						
25.06.2015	26.06.2015–31.12.2015	01.01.2016–30.06.2023	2.36	400,000	(400,000)	–
25.06.2015	26.06.2015–31.12.2016	01.01.2017–30.06.2023	2.36	400,000	(400,000)	–
25.06.2015	26.06.2015–31.12.2017	01.01.2018–30.06.2023	2.36	400,000	(400,000)	–
Fong Po Kiu						
25.06.2015	26.06.2015–31.12.2015	01.01.2016–30.06.2023	2.36	300,000	(300,000)	–
25.06.2015	26.06.2015–31.12.2016	01.01.2017–30.06.2023	2.36	300,000	(300,000)	–
25.06.2015	26.06.2015–31.12.2017	01.01.2018–30.06.2023	2.36	300,000	(300,000)	–
Wong Yi Ting						
25.06.2015	26.06.2015–31.12.2015	01.01.2016–30.06.2023	2.36	150,000	(150,000)	–
25.06.2015	26.06.2015–31.12.2016	01.01.2017–30.06.2023	2.36	150,000	(150,000)	–
25.06.2015	26.06.2015–31.12.2017	01.01.2018–30.06.2023	2.36	150,000	(150,000)	–

SHARE OPTIONS (CONTINUED)

Date of grant	Vesting period	Exercisable period	Exercise price HK$	No. of share options Outstanding at 31 December 2022	Lapsed during 2023	Outstanding at 31 December 2023
Chu Chung Yi						
25.06.2015	26.06.2015– 31.12.2015	01.01.2016– 30.06.2023	2.36	93,333	(93,333)	–
25.06.2015	26.06.2015– 31.12.2016	01.01.2017– 30.06.2023	2.36	93,333	(93,333)	–
25.06.2015	26.06.2015– 31.12.2017	01.01.2018– 30.06.2023	2.36	93,334	(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	(93,333)	–
25.06.2015	26.06.2015– 31.12.2016	01.01.2017– 30.06.2023	2.36	93,333	(93,333)	–
25.06.2015	26.06.2015– 31.12.2017	01.01.2018– 30.06.2023	2.36	93,334	(93,334)	–
Doe Julianne Pearl						
25.06.2015	26.06.2015– 31.12.2015	01.01.2016– 30.06.2023	2.36	93,333	(93,333)	–
25.06.2015	26.06.2015– 31.12.2016	01.01.2017– 30.06.2023	2.36	93,333	(93,333)	–
25.06.2015	26.06.2015– 31.12.2017	01.01.2018– 30.06.2023	2.36	93,334	(93,334)	–
Total directors and their associates				**6,390,000**	**(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	(400,000)	–
25.06.2015	26.06.2015– 31.12.2016	01.01.2017– 30.06.2023	2.36	400,000	(400,000)	–
25.06.2015	26.06.2015– 31.12.2017	01.01.2018– 30.06.2023	2.36	400,000	(400,000)	–
Total employees and other qualified persons				**1,200,000**	**(1,200,000)**	**–**
Total number of share options				**7,590,000**	**(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, forfeited, or exercised during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its ultimate holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

Rental payment of HK$2,831,000 (2022: HK$2,857,000) were incurred during the year for the lease of office and warehouse from a subsidiary of immediate holding company SiS International Holdings Limited. The transactions are regarded as De minimis transactions pursuant to Listing Rules 14A.76(1)(c) and fully exempted from shareholders approval, annual review and disclosure requirements.

During the year 2023, the Group borrowed short-term unsecured short-term loan of total HK$30,000,000 from a connected party at interest rate 5.5% per annum. Director Mr. Lim Kia Hong, Mr. Lim Kiah Meng and his spouse have total 80% equity interest in the connected entity. The interest rates were reference to prevailing market rates offered by banks in Hong Kong. Loan amount and interest of total HK$30,089,000 were fully paid during the year. The transactions constituted connected transaction as defined in Chapter 14A of the Listing Rules. However the transactions were approved by independent directors and exempt from the disclosure requirements and shareholders approval as they were fully exempt financial assistance received by the Group under Listing Rule 14A.90.

Other than disclosed above, no transaction, arrangement and/or contracts of significance to which the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2023.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, 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 Shareholders	Corporate interests *(Note)*	Approximate% of issued share capital of the Company
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 41.3% and 40.3%, 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 as 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 31 December 2023.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was approximately 71% by value of the Group's total goods sales during the year, with the largest customer accounted for 21%. The five largest suppliers of the Group comprised approximately 92% by value of the Group's total purchases during the year, with the largest supplier accounted for 48%.

At no time during the year did a director, an associate of a director or a shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest customers and suppliers.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Company has established the Remuneration Committee in January 2015. The emoluments of the directors of the Company are reviewed and approved by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market trends.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in heading of "Share Options" in this report.

CHARITABLE DONATIONS

During the year, the Group made charitable donation amounting to HK$9,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Memorandum and Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Listing Rules. During the year, the Company has complied with the code provision under the Code.

MODEL CODE

The Company has adopted the Model Code regarding Securities Transactions by Directors as set out in Appendix C3 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 during the year.

COMPLIANCE WITH LAWS AND REGULATION

The Company has complied with relevant laws and regulations that have significant impact on the Company including the laws in Cayman Islands, the Hong Kong Companies Ordinance, SFO and Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board of
SiS Mobile Holdings Limited

LIM Kiah Meng
Director

Hong Kong, 20 March 2024

Deloitte. 德勤

TO THE MEMBERS OF SiS MOBILE HOLDINGS LIMITED
新龍移動集團有限公司
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SiS Mobile Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 91, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

KEY AUDIT MATTER (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from sales of goods	
We identified revenue recognition from sales of goods as a key audit matter due to its significance to the consolidated financial statements as a whole. The Group's revenue for the year ended 31 December 2023 in respect of sales of goods amounted to approximately HK$1,935,876,000. As disclosed in note 6 to the consolidated financial statements, for sales of goods (including mobile phones and related products), revenue is recognised when control of the goods has transferred. We focused on this area because the Group transacts with a large volume of transactions.	Our procedures in relation to revenue recognition from sales of goods included: • Obtaining an understanding of the revenue recognition processes and testing the Group's key controls over revenue recognition; • Inspecting sales contracts with key customers, on a sample basis, to understand the agreed trade terms and assess whether the related revenue was properly recognised in accordance with respective sales contracts and with reference to the requirements of the prevailing accounting standards; and • Testing recorded sales transactions on a sample basis against corresponding goods delivery notes and acceptance confirmations from customers that evidenced control of the goods had been passed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan, Alan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
20 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	6	**1,935,876**	1,837,386
Cost of sales		**(1,888,015)**	(1,779,872)
Gross profit		**47,861**	57,514
Other income	7	**871**	1,636
Other gains and losses, net	8	**(859)**	(683)
Selling and distribution expenses		**(14,906)**	(12,795)
Administrative expenses		**(21,766)**	(20,961)
Finance costs	9	**(194)**	(303)
Profit before tax	10	**11,007**	24,408
Income tax expense	11	**(1,997)**	(2,956)
Profit for the year		**9,010**	21,452
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss			
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		**1,343**	(264)
Total comprehensive income attributable to owners of the Company		**10,353**	21,188
Earnings per share	13		
— Basic (HK cents)		**3.22**	7.66
— Diluted (HK cents)		**3.22**	7.66

Consolidated Statement of Financial Position

AT 31 DECEMBER 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current Assets			
Property, plant and equipment	15	**857**	1,500
Right-of-use assets	16	**6,324**	1,827
Equity instruments at FVTOCI	17	**12,070**	10,727
Rental deposit	19	**418**	—
		19,669	14,054
Current Assets			
Inventories	18	**43,398**	29,879
Trade and other receivables, deposits and prepayments	19	**56,383**	72,035
Tax recoverable		**2,114**	3,885
Cash and cash equivalents	20	**110,498**	86,122
		212,393	191,921
Current Liabilities			
Trade payables, other payables and accruals	21	**62,246**	45,337
Contract liabilities	22	**126**	197
Lease liabilities	23	**2,183**	1,878
		64,555	47,412
Net Current Assets		**147,838**	144,509
Total Assets less Current Liabilities		**167,507**	158,563
Non-current Liability			
Lease liabilities	23	**4,191**	—
Net Assets		**163,316**	158,563
Capital and Reserves			
Share capital	24	**28,000**	28,000
Reserves		**135,316**	130,563
Equity attributable to owners of the Company and total equity		**163,316**	158,563

The consolidated financial statements on pages 47 to 91 were approved and authorised for issue by the board of directors on 20 March 2024 and are signed on its behalf by:

LIM Kia Hong
DIRECTOR

LIM Kiah Meng
DIRECTOR

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2022	28,000	2,522	3,497	7,135	(4,288)	100,509	137,375
Profit for the year	–	–	–	–	–	21,452	21,452
Fair value loss on investments in equity instruments at FVTOCI	–	–	–	–	(264)	–	(264)
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	(264)	21,452	21,188
Investment revaluation reserve reclassified to retained profits upon disposal of equity instruments at FVTOCI	–	–	–	–	(297)	297	–
At 31 December 2022	28,000	2,522	3,497	7,135	(4,849)	122,258	158,563
Profit for the year	**–**	**–**	**–**	**–**	**–**	**9,010**	**9,010**
Fair value gain on investments in equity instruments at FVTOCI	**–**	**–**	**–**	**–**	**1,343**	**–**	**1,343**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,343**	**9,010**	**10,353**
Lapse of share options	**–**	**–**	**–**	**(7,135)**	**–**	**7,135**	**–**
Dividend recognised as distribution *(note 14)*	**–**	**–**	**–**	**–**	**–**	**(5,600)**	**(5,600)**
At 31 December 2023	**28,000**	**2,522**	**3,497**	**–**	**(3,506)**	**132,803**	**163,316**

Note: The special reserve represents the contribution from SiS International Holdings Limited in relation to the acquisition of Synergy Technologies (Asia) Limited and the difference between the nominal value of the shares of the Company issued pursuant to the Group Reorganisation, as set out in section headed "History and Reorganisation" of the Company's prospectus dated 31 December 2014, and the aggregate share capital of the companies comprising the Group as at the date of the Group Reorganisation.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Profit before tax	11,007	24,408
Adjustments for:		
Depreciation of property, plant and equipment	781	777
Depreciation of right-of-use assets	2,402	2,436
Dividend income	(466)	(365)
Finance costs	194	303
Impairment losses recognised (reversed) under expected credit loss model, net	136	(113)
Interest income from bank deposits	(332)	(6)
Write-down of inventories	165	91
Operating cash flows before movements in working capital	13,887	27,531
(Increase) decrease in inventories	(13,684)	24,710
Decrease (increase) in trade and other receivables, deposits and prepayments	15,098	(6,727)
Increase (decrease) in trade payables, other payables and accruals	16,909	(1,013)
(Decrease) increase in contract liabilities	(71)	98
CASH GENERATED FROM OPERATIONS	32,139	44,599
Tax paid	(1,845)	(13,860)
Tax refunded	1,619	—
NET CASH FROM OPERATING ACTIVITIES	31,913	30,739
INVESTING ACTIVITIES		
Dividend received	466	365
Interest received	332	6
Purchase of property, plant and equipment	(138)	(70)
Proceeds on disposal of equity instruments at FVTOCI	—	1,794
NET CASH FROM INVESTING ACTIVITIES	660	2,095
FINANCING ACTIVITIES		
Interest paid	(194)	(303)
Dividend paid	(5,600)	—
New bank loans raised	—	10,000
Repayments of bank loans	—	(10,000)
New loans raised from a related company	30,000	40,000
Repayment of loans from a related company	(30,000)	(40,000)
Repayments of lease liabilities	(2,403)	(2,444)
NET CASH USED IN FINANCING ACTIVITIES	(8,197)	(2,747)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,376	30,087
CASH AND CASH EQUIVALENTS AT 1 JANUARY	86,122	56,035
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	110,498	86,122

1. GENERAL INFORMATION

SiS Mobile Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 July 2014 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "HKEX"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. The Company's immediate holding company is SiS International Holdings Limited ("SiS"), a company incorporated in Bermuda with its shares listed on the HKEX. SiS is a subsidiary of Summertown Limited, a limited liability company incorporated in the British Virgin Islands. The directors of the Company and its subsidiaries (collectively referred to as the "Group") consider that the Company's ultimate holding company is Summertown Limited and its ultimate controlling shareholders are Mr. Lim Kiah Meng, Mr. Lim Kia Hong and their respective spouses. Mr. Lim Kiah Meng and Mr. Lim Kia Hong are also the directors of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 32.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance 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 AND CHANGES IN OTHER ACCOUNTING POLICIES ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates*

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Mak*ing Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES ("HKFRSs") (CONTINUED)

Changes in other accounting policies

2.3 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

As disclosed in note 26, the Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES ("HKFRSs") (CONTINUED)

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after 1 January 2025

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKEX and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial information of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 6 and 22.

Leases

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 of HKFRS 16 Leases or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group 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. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of a warehouse that have 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 or another systematic basis over the lease term.

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* 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.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

Employee benefit

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value ("NRV"). Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from contracts with customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains or losses arising from changes in fair value recognised in OCI and accumulated in the investments reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments reserve is not reclassified to profit or loss, but is transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning key source of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Net realisable value of inventories

The cost of inventories is written down to their NRV when the cost of inventories is not recoverable. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. When the net realisable value of an item of inventory is less than the carrying amount, the excess is written down immediately in the profit or loss. The management's review and estimation of the NRV is primarily based on the ageing, conditions, and marketability of the inventories. The Group carried out inventory review at the end of the reporting period and made the necessary allowance on obsolete and slow moving items so as to write down inventories to their NRVs. The carrying amount of inventories is HK$43,398,000 (2022: HK$29,879,000). During the year ended 31 December 2023, write-down of inventories of HK$165,000 (2022: HK$91,000) was recognised in profit or loss.

5. 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 of the Group are provided to CODM, no segment information is presented other than entity-wide disclosures.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023 HK$000	2022 HK$000
Customer A	**409,375**	208,021
Customer B	**351,638**	286,429
Customer C	**339,158**	378,614
Customer D	**N/A**[1]	237,067

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographic information

The Group's revenue is substantially generated from sales and distribution of mobile phones and related products to customers in Hong Kong. The Group's non-current assets are substantially situated in Hong Kong. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

6. REVENUE

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

Performance obligations for contracts with customers and revenue recognition policies

For sales of mobile phones and related products, revenue is recognised at a point in time when control of the goods has transferred, being when (i) the goods have been picked up by the customers in the warehouse; or (ii) the goods have been delivered to the customers' specific location and the Group has received acceptance confirmations from customers. Upon the relevant goods being picked up by the customers or delivered to the customers' specific location, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The average credit term is 30 days upon delivery.

The expected timing of recognising revenue on transaction price related to the performance obligations as at 31 December 2023 and 2022 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. OTHER INCOME

	2023 HK$000	2022 HK$000
Dividend income	466	365
Government subsidy *(Note)*	–	1,047
Interest income from bank deposits	332	6
Others	73	218
	871	1,636

Note: In the prior year, the government subsidies represented the wage subsidies provided by the HKSAR Government under the Employment Support Scheme to help businesses tide over financial difficulties during the COVID-19 epidemic.

8. OTHER GAINS AND LOSSES, NET

	2023 HK$000	2022 HK$000
Exchange loss, net	(723)	(796)
Impairment losses under expected credit loss model, net of reversal	(136)	113
	(859)	(683)

9. FINANCE COSTS

	2023 HK$000	2022 HK$000
Interest on bank loans	—	141
Interest on loans with a related party	89	99
Interest on lease liabilities	105	63
	194	303

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2023 HK$000	2022 HK$000
Auditor's remuneration	862	813
Directors' remuneration		
— Fees	1,050	1,050
— Salaries and other emoluments	4,915	5,013
— Contribution to retirement benefit scheme	36	36
	6,001	6,099
Other staff costs		
— Salaries and other emoluments	18,173	16,633
— Contribution to retirement benefit scheme	644	567
Total staff costs	24,818	23,299
Cost of inventories recognised as an expense (including write-down of inventories HK$165,000 (2022: HK$91,000))	1,888,015	1,779,872
Depreciation of property, plant and equipment	781	777
Depreciation on right-of-use assets	2,402	2,436

11. INCOME TAX EXPENSE

	2023 HK$000	2022 HK$000
Hong Kong:		
Current year	1,908	2,980
Under(over)-provision in prior year	89	(24)
	1,997	2,956

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity 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 HK$2 million.

Income tax expense for the year can be reconciled from the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK$000	2022 HK$000
Profit before tax	11,007	24,408
Tax at applicable statutory tax rate of 16.5%	1,816	4,027
Income tax at concessionary rate	(165)	(165)
Tax effect of income not taxable for tax purpose	(132)	(250)
Tax effect of tax losses not recognised	341	302
Utilisation of tax losses previously not recognised	—	(935)
Under(over)-provision in prior year	89	(24)
Others	48	1
Income tax expense for the year	1,997	2,956

At the end of reporting period, the Group has unutilised and unrecognised tax losses of approximately HK$18,423,000 (2022: HK$16,359,000) available to offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

For the year ended 31 December 2023

Name of directors	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance bonuses HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Fong Po Kiu	(a)	120	2,132	310	18	2,580
Lim Kiah Meng	(a)	120	1,700	348	–	2,168
Wong Yi Ting	(a)	120	386	39	18	563
Lim Kia Hong	(b)	180	–	–	–	180
Lim Hwee Hai	(b)	150	–	–	–	150
Chu Chung Yi	(c)	120	–	–	–	120
Doe Julianne Pearl	(c)	120	–	–	–	120
Cheng Tak Chung	(c)(d)	120	–	–	–	120
		1,050	4,218	697	36	6,001

Notes:

(a) Executive Director

(b) Non-executive Director

(c) Independent Non-executive Director

(d) Appointed with effect from 1 January 2023

12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2022

Name of directors	*Notes*	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance bonuses HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Fong Po Kiu	(a)	120	2,067	430	18	2,635
Lim Kiah Meng	(a)	120	1,700	348	—	2,168
Wong Yi Ting	(a)	120	406	62	18	606
Lim Kia Hong	(b)	180	—	—	—	180
Lim Hwee Hai	(b)	150	—	—	—	150
Chu Chung Yi	(c)	120	—	—	—	120
Doe Julianne Pearl	(c)	120	—	—	—	120
Ng See Wai Rowena	(c)(d)	120	—	—	—	120
		1,050	4,173	840	36	6,099

Notes:

(a) Executive Director

(b) Non-executive Director

(c) Independent Non-executive Director

(d) Resigned with effect from 31 December 2022

Mr. Lim Kiah Meng is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive for both years.

The performance bonuses are determined based on the financial performance and resources of the Group and the performance of the individual directors.

The emoluments of executive directors shown above were for their services in connection with the management of the affairs of the Company and the Group for both years.

The non-executive directors is shown above were for their service as director of the Company and the Group for both years.

The independent non-executive directors is shown above were for their service as directors of the Company for both years.

There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments during the year ended 31 December 2023 and 2022.

12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals included two (2022: two) directors of the Company whose emolument are included in the disclosure above. The emoluments of the remaining three (2022: three) individual for the years ended 31 December 2023 and 2022 are as follows:

	2023 HK$000	2022 HK$000
Salaries and other benefits	3,086	2,745
Performance bonuses *(Note)*	195	329
Contributions to retirement benefit scheme	53	54
	3,334	3,128

Note: The performance bonuses are determined based on the financial performance and resources of the Group and the performance of the individual during the year.

Their emoluments were within the following bands:

	2023	2022
Nil to HK$1,000,000	2	2
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	1	1

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$9,010,000 (2022: HK$21,452,000) and the number of ordinary shares of 280,000,000 (2022: 280,000,000).

The computation of the diluted earnings 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 presented.

14. DIVIDEND

	2023 HK$000	2022 HK$000
Dividend recognised as distribution during the year:		
2022 Final — 2 HK cents (2022: nil) per share	5,600	—

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of 1.5 HK cents per ordinary share, in an aggregate amount of HK$4,200,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings HK$000	Office equipment HK$000	Office renovations HK$000	Total HK$000
COST				
At 1 January 2022	233	369	3,491	4,093
Additions	6	64	—	70
At 31 December 2022	239	433	3,491	4,163
Additions	43	95	—	138
Disposals	—	(11)	—	(11)
At 31 December 2023	282	517	3,491	4,290
DEPRECIATION				
At 1 January 2022	97	266	1,523	1,886
Provided for the year	49	56	672	777
At 31 December 2022	146	322	2,195	2,663
Provided for the year	50	59	672	781
Eliminated on disposals	—	(11)	—	(11)
At 31 December 2023	196	370	2,867	3,433
CARRYING VALUES				
At 31 December 2023	86	147	624	857
At 31 December 2022	93	111	1,296	1,500

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fittings	3–5 years
Office equipment	3–4 years
Office renovations	Shorter of lease term or 5 years

16. RIGHT-OF-USE ASSETS

	Leased properties	
	2023	2022
	HK$000	HK$000
As at 1 January		
Carrying amount	**1,827**	4,263
As at 31 December		
Carrying amount	**6,324**	1,827
For the year ended 31 December		
Depreciation charge	**2,402**	2,436
Expense relating to short-term leases	**323**	350
Total cash outflow for leases	**2,831**	2,857
Additions to right-of-use assets	**6,899**	—

The Group has a lease contract of office and warehouse and a short-term lease contract of warehouse for its operation. Lease contracts are entered into for fixed term for fixed payment ranging from 12 months to 36 months (2022: 12 months to 36 months) with a fellow subsidiary. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. There are no variable lease payments nor restrictions included in these lease agreements.

The Group regularly entered into short-term leases for warehouses. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

As at 31 December 2023, lease liabilities of HK$6,374,000 (2022: HK$1,878,000) are recognised with related right-of-use assets of HK$6,324,000 (2022: HK$1,827,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 23.

17. EQUITY INSTRUMENTS AT FVTOCI

	2023 HK$000	2022 HK$000
Listed investments:		
— Equity securities listed overseas	4,270	2,333
— Equity securities listed in Hong Kong	7,800	8,394
Total	12,070	10,727

Note: The above listed equity investments represent ordinary shares of entities listed in overseas and Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

18. INVENTORIES

	2023 HK$000	2022 HK$000
Finished goods	43,398	29,879

During the year, write-down of obsolete and slow moving inventories of HK$165,000 (2022: HK$91,000) has been recognised in the profit or loss.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$000	2022 HK$000
Trade receivables	26,366	18,793
Less: Allowance for credit losses	(238)	(119)
	26,128	18,674
Other receivables	17,139	27,896
Rental deposits	472	472
Trade deposits for mobile products	10,107	10,139
Prepayments	2,955	14,854
	30,673	53,361
	56,801	72,035

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	2023 HK$000	2022 HK$000
Analysed as:		
Non-current assets	418	—
Current assets	56,383	72,035
	56,801	72,035

Other receivables that are denominated in United States Dollar ("US$"), currency other than the functional currency of the Group amounted to HK$62,000 (2022: HK$162,000).

At 1 January 2022, trade receivables from contracts with customers amounted to HK$40,500,000.

Trade receivables comprise amounts receivable from the sales and distribution of mobile phones and related products in Hong Kong and are denominated in HK$. 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 periods of 30 days to its trade customers. No interest is charged on overdue debts.

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date for trade receivables at the end of each reporting period.

The aging of trade receivables is as follows:

	2023 HK$000	2022 HK$000
Within 30 days	16,892	15,400
31 to 60 days	7,040	2,919
61 to 90 days	1,875	355
Over 90 days	321	—
Total	26,128	18,674

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$8,577,000 (2022: HK$4,167,000) which are past due as at the reporting date. Out of the past due balances, HK$293,000 of these trade receivables (2022: nil) has been past due 90 days or more and is not considered as in default after considering the creditworthiness and repayment history of these debtors. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 28.

20. CASH AND CASH EQUIVALENTS

Bank balances carry interest at market rates ranging from 0.001% to 5.010% (2022: 0.001% to 0.625%) per annum with an original maturity of three months or less for both years.

Cash and cash equivalents that are denominated in US$, currency other than the functional currency of the Group, amounted to HK$5,464,000 (2022: HK$4,705,000).

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Trade payables	46,639	28,523
Accrued staff costs	6,011	6,868
Trade deposits from mobile products	2,454	465
Accruals and other payables	7,142	9,481
	62,246	45,337

The average credit period on purchase of goods is 15 to 45 days. Trade payables and other payables that are denominated in US$, currency other than the functional currency of the Group amounted to HK$7,243,000 (2022: HK$7,474,000).

The following is an aged analysis of the trade payables, based on the invoice date, at the end of each reporting period.

	2023 HK$'000	2022 HK$'000
Within 30 days	40,448	22,355
31 to 90 days	41	222
91 to 120 days	148	1
Over 120 days	6,002	5,945
	46,639	28,523

22. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Contract liabilities		
Sales of mobiles phones and related products	**126**	197

As at 1 January 2022, contract liabilities amounted to HK$99,000.

The following table shows how much of the revenue recognised in the current year related to carried-forward contract liabilities:

	Receipts in advance from customers	
	2023 HK$'000	2022 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**197**	99

The Group receives deposits from certain customers when they issue purchase order. This results in contract liabilities being recognised until the control of the mobile phones and related products is passed to the customers.

23. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
— Within one year	**2,183**	1,878
— Within a period of more than one year but not exceeding two years	**4,191**	—
	6,374	1,878
Less: Amount due for settlement with 12 months shown under current liabilities	**(2,183)**	(1,878)
Amount due for settlement after 12 months shown under non-current liabilities	**4,191**	—

The weighted average incremental borrowing rate applied to lease liabilities was 6.2% (2022: 2.0%).

24. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised		
At 1 January 2022, 31 December 2022 and 31 December 2023	500,000,000	50,000
Issued and fully paid		
At 1 January 2022, 31 December 2022 and 2023	280,000,000	28,000

25. SHARE-BASED PAYMENTS

Equity-settled share option scheme of the Company

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 to directors, certain employees and eligible persons of the Group. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of shares of the Company in issue, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which option granted and may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company's issued share capital, without prior approval from the Company's shareholders. HK$100 is payable by each eligible participant to the Company on acceptance of an offer of options. The fair values of the options determined at the date of grant using the Binomial model was approximately HK$7,418,000.

No options were granted by the Company during the year ended 31 December 2023 and 2022.

The Group did not recognise any expenses for both years in relation to the share options granted by the Company.

Details of the share options are as follows:

No. of share options	Vesting period	Exercise period	Exercise price
2,530,000	25.6.2015–31.12.2015	1.1.2016–30.6.2023	HK$2.36
2,530,000	25.6.2015–31.12.2016	1.1.2017–30.6.2023	HK$2.36
2,530,000	25.6.2015–31.12.2017	1.1.2018–30.6.2023	HK$2.36

25. SHARE-BASED PAYMENTS (CONTINUED)

Equity-settled share option scheme of the Company (Continued)

Movements in share options to subscribe for ordinary shares in the Company under the Scheme during the years ended 31 December 2022 and 2023 are as follows:

	Outstanding number of share options
At 1 January 2022 and 31 December 2022:	
Grantee	
Directors	6,390,000
Employees and others	1,200,000
	7,590,000
Less: Lapsed during the year	(7,590,000)
At 31 December 2023	—

As at 31 December 2022, the weighted average exercise prices of the share options outstanding was HK$2.36 and weighted average remaining contractual life was 0.5 year.

26. RETIREMENT BENEFITS PLANS

Defined contribution plan

The Group participates in defined contribution schemes which are registered under Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

The total expense recognised in profit or loss of HK$680,000 (2022: HK$603,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2023, contributions of HK$110,000 (2022: HK$100,000) due in respect of the year ended 31 December 2023 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

26. RETIREMENT BENEFITS PLANS (CONTINUED)

Defined benefit plan

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.3 and note 3.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors assess budgets of its operations taking into account of the provision of funding. Based on the operating budgets, the directors of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the issue of debts.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Amortised cost	164,344	143,303
Equity instruments at FVTOCI	12,070	10,727
Financial liabilities		
Amortised cost	54,168	40,292

b. Financial risk management objective and policies

The Group's major financial instruments include trade and other receivables, rental deposit, deposits paid, trade and other payables, lease liabilities, equity instruments at FVTOCI, and cash and cash equivalents. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The bank balances comprising short term bank deposits carry interests at floating rate, thus exposing the Group to cash flow interest rate risk. The Group currently does not have any policy to hedge against interest rate risk and will consider hedging exposure such should the needs arise.

Sensitivity analysis

As the interest rates on bank deposits are minimal, no sensitivity analysis was prepared and reported to the management.

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Foreign exchange risk

Certain purchase of goods, other payables, other receivables and bank balances of the Group are denominated in US$, the currency other than the functional currencies of the relevant group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	2023 HK$'000	2022 HK$'000
Assets	5,526	4,867
Liabilities	7,243	7,474

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.

Sensitivity analysis

As HK$ 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. As such, no sensitivity analysis is performed.

Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management closely keeps watch of the price changes and takes appropriate action when necessary.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective listed equity securities classified as equity instruments at FVTOCI had been 10% (2022: 10%) higher/lower, the Group's equity instruments at FVTOCI and investment reserve would increase/decrease by HK$1,207,000 (2022: HK$1,073,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, rental deposits, deposits paid and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated certain staffs responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables collectively with appropriate grouping and individually for credit-impaired balances.

Deposits paid, other receivables and bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Deposits paid and other receivables are considered at low risk as no default histories of these debtors. Thus, no loss allowance for deposits paid and other receivables was recognised as the amount was not significant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL ("12m ECL")
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 HK$'000	Gross carrying amount 2022 HK$'000
Trade receivables	a	N/A	Low risk	Lifetime ECL — not credit impaired	**19,974**	17,181
			Watch list	Lifetime ECL — not credit impaired	**6,073**	1,595
			Doubtful	Lifetime ECL — not credit impaired	**302**	—
			Loss	Lifetime ECL — credit impaired	**17**	17
Other receivables	b	N/A	Low risk	12m ECL	**17,139**	27,896
Deposits paid	c	N/A	Low risk	12m ECL	**10,579**	10,611
Bank balances	d	A to AA–	Low risk	12m ECL	**110,496**	86,122

Notes:

a. Except for debtors that are credit-impaired, the Group determined the expected credit losses on the trade receivables collectively using grouping of various debtors that have similar repayment and loss patterns. Estimated loss rates are based on internal credit ratings, computed with reference to historical credit loss experience. Debtors that are large scale and/or with long business relationship with good repayment history are considered as low risk and a minimal default rate is assigned, while debtors which usually settle one to three months after due dates are considered as watch list and a low default rate is assigned.

b. Other receivables amounted to HK$17,139,000 (2022: HK$27,896,000) are not past due or with no fixed repayment terms. The amount mainly represents rebate receivables from suppliers. It has a low risk of default since no default histories of the counterparties.

c. For deposits paid, majority amounts of HK$10,000,000 (2022: HK$10,000,000) are due from counterparties which have a low risk of default since no default histories of the counterparties.

d. For bank balances, the ECL is assessed by reference to probability of default, loss given default by credit rating grades published by international credit rating agencies.

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under simplified approach.

	Not credit-impaired HK$'000	Credit-impaired HK$'000	Total HK$'000
As at 1 January 2022	224	17	241
Reversal of impairment loss	(224)	—	(224)
Impairment loss	111	—	111
Write-offs	(9)	—	(9)
As at 31 December 2022	102	17	119
Reversal of impairment loss	(102)	—	(102)
Impairment loss	221	17	238
Write-offs	—	(17)	(17)
As at 31 December 2023	221	17	238

Based on the ECL assessment, credit loss allowances of HK$100,000, HK$61,000, HK$60,000 and HK$17,000 (2022: HK$86,000, HK$16,000 and HK$17,000) were recognised for the trade receivables with internal credit ratings of low risk, watch list, doubtful and loss, representing 0.5% (2022: 0.5%), 1% (2022: 1%), 20% (2022: n/a) and 100% (2022: 100%) respectively. No credit loss allowance was made for deposits paid, other receivables and bank balances since the ECL amount is not significant.

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Liquidity risk

The Group's exposure to liquidity risk is minimal and is managed by maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation. In addition, any shortfall in the funding requirements of the Group's operations may be obtained from bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The maturity dates of financial liabilities are based on the agreed repayment dates:

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cashflow HK$'000	Total HK$'000
At 31 December 2023						
Financial liabilities						
Trade and other payables	–	54,168	–	–	54,168	54,168
Lease liabilities	6.2	2,507	2,507	1,880	6,894	6,374
		56,675	2,507	1,880	61,062	60,542

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cashflow HK$'000	Total HK$'000
At 31 December 2022						
Financial liabilities						
Trade and other payables	–	40,292	–	–	40,292	40,292
Lease liabilities	2.0	1,880	–	–	1,880	1,878
		42,172	–	–	42,172	42,170

The above table has been drawn up based on the undiscounted cash flows of financial liabilities (including principal and interest cash flows) based on the earliest date on which the Group can be required to pay (including principal and interest cash flows).

28. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair values

(i) Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis

Some of the financial assets are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the consolidated statement of financial position

At 31 December 2023

	Fair value hierarchy Level 1 HK$'000
Listed securities classified as Equity instruments at FVTOCI	**12,070**

At 31 December 2022

	Fair value hierarchy Level 1 HK$'000
Listed securities classified as Equity instruments at FVTOCI	10,727

The fair values of listed securities are determined with reference to quoted market bid prices from relevant stock exchanges.

There were no transfers between Levels 1, 2 and 3 during the year.

28. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair values (Continued)

(ii) Fair values of the Group's financial assets and financial liabilities that are not measured at fair values on a recurring basis

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values which are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

29. RELATED PARTIES TRANSACTIONS

The directors are of the opinion that all the related party transactions have been established under terms as negotiated between the related parties.

(a) Transactions with immediate holding company

(i) The Group paid license fee to its immediate holding company of HK$12,000 (2022: HK$12,000) during the year.

(ii) During the years ended 31 December 2023 and 2022, the Group has a lease contract of office and warehouse and a short-term lease contract of warehouse with a fellow subsidiary. The relevant lease liabilities amounted to HK$6,374,000 (2022: HK$1,878,000) and interest on lease liabilities amounted to HK$105,000 for the year ended 31 December 2023 (2022: HK$63,000) under the lease contract of office and warehouse. The amount of rent payable by the Group under the short-term lease is HK$323,000 (2022: HK$350,000) respectively, which was determined with reference to market price in the region.

(b) Transaction with a related party

During the year ended 31 December 2023, the Group borrowed two short-term loans of total HK$30,000,000 (2022: HK$40,000,000) from a related company at interest rate 5.5% (2022: from 3.29% to 3.65%) per annum. The interest rate was reference to prevailing market rates offered by banks in Hong Kong. Loan amount and interest expense of total HK$30,089,000 (2022: 40,099,000) were fully repaid during the year. The related party is under the control of ultimate controlling shareholders of the Company.

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The directors of the Company considered the key management personnel of the Group are the directors of the Company. The remuneration of members of key management personnel of the Group, which are the executive directors of the Company, are disclosed in note 12.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Dividend payable HK$'000	**Loans from a related company** HK$'000	**Bank loans** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2022	—	—	—	4,322	4,322
Cash outflow:					
Financing cash flows	—	(99)	(141)	(2,507)	(2,747)
Interest expense	—	99	141	63	303
At 31 December 2022	—	—	—	1,878	1,878
Cash outflow:					
Financing cash flows	(5,600)	(89)	—	(2,508)	(8,197)
Dividend recognised as distribution	5,600	—	—	—	5,600
New leases entered	—	—	—	6,899	6,899
Interest expense	—	89	—	105	194
At 31 December 2023	—	—	—	6,374	6,374

31. FINANCIAL POSITION OF THE COMPANY

Below is a summary of the financial position of the Company at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Non-current Assets		
Investments in unlisted subsidiaries	102,000	102,000
Equity instruments at FVTOCI	12,070	10,727
	114,070	112,727
Current Assets		
Other receivables and prepayments	252	238
Amount due from a subsidiary	34,590	34,072
Cash and cash equivalents	2,938	3,462
	37,780	37,772
Current Liability		
Other payables and accruals	1,478	1,336
Net Current Assets	36,302	36,436
Net Assets	150,372	149,163
Capital and Reserves		
Share capital	28,000	28,000
Share premium	2,522	2,522
Other reserves *(Note)*	119,850	118,641
Total Equity	150,372	149,163

31. FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movements in other reserves are presented below:

	Special reserve HK$'000 *(Note)*	Share options reserve HK$'000	Investments reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000
At 1 January 2022	101,999	7,135	(4,288)	(18,496)	86,350
Profit for the year	–	–	–	32,555	32,555
Fair value loss on investments in equity instruments at FVTOCI	–	–	(264)	–	(264)
(Loss) profit and total comprehensive (expense) income for the year	–	–	(264)	32,555	32,291
Investment revaluation reserve reclassified to retained profits upon disposal of equity instruments at FVTOCI	–	–	(297)	297	–
At 31 December 2022	101,999	7,135	(4,849)	14,356	118,641
Profit for the year	**–**	**–**	**–**	**5,466**	**5,466**
Fair value gain on investments in equity instruments at FVTOCI	**–**	**–**	**1,343**	**–**	**1,343**
Profit and total comprehensive income for the year	**–**	**–**	**1,343**	**5,466**	**6,809**
Lapse of share options	**–**	**(7,135)**	**–**	**7,135**	**–**
Dividend recognised as distribution	**–**	**–**	**–**	**(5,600)**	**(5,600)**
At 31 December 2023	**101,999**	**–**	**(3,506)**	**21,357**	**119,850**

Note: The special reserve represents the contribution from SiS International Holdings Limited in relation to the acquisition of Synergy Technologies (Asia) Limited and the nominal value of the shares of the Company issued pursuant to the Group Reorganisation as set out in section headed "History and Reorganisation" of the Company's prospectus dated 31 December 2014.

32. PARTICULAR OF SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued capital		Principal activities
			2023	2022	
			%	%	
Direct subsidiaries:					
Synergy Technologies (Asia) Limited	Hong Kong	HK$5,000,000	100	100	Distribution of mobile phones and related products
Qool International Limited	Hong Kong	HK$1	100	100	Distribution of mobile phones and related products
Indirect subsidiary:					
Sun Well Limited	Hong Kong	HK$1	100	100	Distribution of mobile phones and related products

None of the subsidiaries had issued any debt securities at the end of the reporting period.

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Group will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

Financial Summary

RESULTS

	For the year ended 31 December				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023 HK$'000**
Revenue	439,774	1,166,222	2,275,455	1,837,386	**1,935,876**
Profit (loss) before taxation	(5,003)	11,318	40,135	24,408	**11,007**
Income tax expense	—	(488)	(6,849)	(2,956)	**(1,997)**
Profit (loss) for the year	(5,003)	10,830	33,286	21,452	**9,010**
Attributable to Owners of the Company	(5,003)	10,830	33,286	21,452	**9,010**

ASSETS AND LIABILITIES

	At 31 December				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023 HK$'000**
Total assets	138,409	165,388	195,165	205,975	**232,062**
Total liabilities	(43,946)	(60,722)	(57,790)	(47,412)	**(68,746)**
Net assets	94,463	104,666	137,375	158,563	**163,316**
Attributable to Owners of the Company	94,463	104,666	137,375	158,563	**163,316**