



# 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

# 2018

## INTERIM REPORT

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# Message from the Chairman

Dear Shareholders,

I am pleased to present the financial results of the Group for the six-month period ended 30 June 2018.

## **RESULTS**

Revenue for period ending 30 June 2018 increased 32% from HK\$189 million to HK\$250 million as compared to the same period in 2017. Net profit increased from HK\$484,000 to HK\$1,070,000 as compared to the same period last year.

## **BUSINESS REVIEW**

Sales revenue increased in the first half of 2018 due mainly to the stronger tourist arrivals and improved economic landscape in Hong Kong. With improving economic outlook, consumers have begun to move towards higher priced brands. The Group's focus on selling of higher end mobile handsets and its corresponding demand contributed to the increase in sales revenue.

Despite the increase in selling & distribution costs, total operating expenditure of the Group was reduced because of effective cost management and controls.

## **PROSPECT**

The trade tensions between China and USA is casting uncertainty and challenges. The Directors are moving ahead cautiously. The Group will continue to focus its efforts on initiatives to grow profit at the same time improve operational efficiency and expand on its product offering. We will also invest in a slew of technological and innovative initiatives to bolster our competitive edge and strengthen our position. The Group will also continue to seek, explore and identify new opportunities to add to its income streams.

## **APPRECIATION**

We would like to express our sincere appreciation to our dedicated staff for their contributions and hard work, and to our customers, business partners, shareholders and directors for their continuing support and confidence in SiS Mobile.

**LIM Kia Hong**

*Chairman*

Hong Kong, 16 August 2018

The directors (the “Directors”) of SiS Mobile Holdings Limited (the “Company”) are pleased to announce that the condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017. The interim financial statements have been reviewed by the Company’s audit committee.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		<b>Six months ended</b>	
		<b>30 June</b>	30 June
		<b>2018</b>	2017
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>250,304</b>	189,233
Cost of sales		<b>(237,485)</b>	(177,062)
Gross profit		<b>12,819</b>	12,171
Other income		<b>181</b>	104
Selling and distribution expenses		<b>(4,616)</b>	(3,818)
Administrative expenses		<b>(7,211)</b>	(7,610)
Profit before tax	5	<b>1,173</b>	847
Income tax expense	6	<b>(103)</b>	(363)
Profit for the period		<b>1,070</b>	484
<b>Other comprehensive expense</b>			
<i>Items that will not be subsequently classified to profit or loss</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		<b>(883)</b>	–
Total comprehensive income for the period attributable to the owners of the Company		<b>187</b>	484
		<b>HK cents</b>	<i>HK cents</i>
Earnings per share	7		
– Basic		<b>0.38</b>	0.17
– Diluted		<b>0.38</b>	0.17

# Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2018

		<b>30 June 2018</b>	31 December 2017
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>816</b>	975
Available-for-sale investments		–	1,954
Equity instruments at fair value through other comprehensive income	10	<b>16,245</b>	–
		<b>17,061</b>	2,929
<b>Current assets</b>			
Inventories		<b>37,896</b>	33,049
Trade and other receivables, deposits and prepayments	11	<b>56,052</b>	29,776
Bank balances and cash		<b>49,457</b>	70,953
		<b>143,405</b>	133,778
<b>Current liabilities</b>			
Trade payables, other payables and accruals	12	<b>56,894</b>	33,425
Tax payable		<b>687</b>	584
		<b>57,581</b>	34,009
<b>Net current assets</b>		<b>85,824</b>	99,769
<b>Total assets less current liabilities; and net assets</b>		<b>102,885</b>	102,698
<b>Capital and reserves</b>			
Share capital	13	<b>28,000</b>	28,000
Reserves		<b>74,885</b>	74,698
<b>Equity attributable to owners of the Company and total equity</b>		<b>102,885</b>	102,698

# Condensed Consolidated Statement Of Changes In Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	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 2017 (audited)	28,000	2,522	3,497	6,359	-	59,696	100,074
Profit and total comprehensive income for the period	-	-	-	-	-	484	484
Recognition of equity settled share-based payment	-	-	-	529	-	-	529
At 30 June 2017 (unaudited)	<b>28,000</b>	<b>2,522</b>	<b>3,497</b>	<b>6,888</b>	<b>-</b>	<b>60,180</b>	<b>101,087</b>
At 1 January 2018 (audited)	<b>28,000</b>	<b>2,522</b>	<b>3,497</b>	<b>7,418</b>	<b>245</b>	<b>61,016</b>	<b>102,698</b>
Profit for the period	-	-	-	-	-	<b>1,070</b>	<b>1,070</b>
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	-	(883)	-	(883)
Total comprehensive income	-	-	-	-	(883)	<b>1,070</b>	<b>187</b>
At 30 June 2018 (unaudited)	<b>28,000</b>	<b>2,522</b>	<b>3,497</b>	<b>7,418</b>	<b>(638)</b>	<b>62,086</b>	<b>102,885</b>

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

# Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30 June 2018 HK\$'000 (unaudited)	30 June 2017 HK\$'000 (unaudited)
Net cash used in operating activities	<u>(6,284)</u>	<u>(3,485)</u>
Net cash used in investing activities	<u>(15,212)</u>	<u>(6)</u>
Net decrease in cash and cash equivalents	<b>(21,496)</b>	(3,491)
Cash and cash equivalents at 1 January	<u>70,953</u>	<u>73,510</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b><u>49,457</u></b>	<b><u>70,019</u></b>

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in these condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017 except as described below.

In the current period, the Group has applied the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of Group’s condensed consolidated financial statements:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers and The related Amendments
- HK (IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration
- Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions.
- Amendments to HKFRS 4 Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
- Amendments to HKAS 40 Transfers of Investment Property



# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### 2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers*

The Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group's major revenue streams are distribution of mobile and related products in Hong Kong. The Group and its customers are acting as a principal as the Group and the customers control the specified good before that good is transferred. The performance obligation is satisfied and the control of good is transferred to the Group's customers upon delivery of the good. Transportation and other related activities that occur before control of the related goods are considered as fulfillment activities.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and the related interpretations.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (cont'd)*

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.1 **Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (*cont'd*)**

#### 2.1.2 Effects arising from initial application of HKFRS 15

The initial application of HKFRS 15 in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior interim periods and/or on the disclosures set out in the condensed consolidated financial statements.

### 2.2 **Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments**

In the current period, the Group has applied HKFRS 9 Financial Instruments ("HKFRS 9") and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.2 **Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (*cont'd*)**

#### 2.2.1 **Key changes in accounting policies resulting from application of HKFRS 9**

##### Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

*Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")*

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment 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 continue to be held in the investment reserve.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, 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.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (cont'd)*

#### 2.2.1 **Key changes in accounting policies resulting from application of HKFRS 9 (cont'd)**

##### Impairment under ECL model

The Group assesses ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and bank balances). The assessment is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and the remaining trade receivables collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (cont'd)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (cont'd)

Impairment under ECL model (cont'd)

*Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (cont'd)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (cont'd)

Impairment under ECL model (cont'd)

*Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 January 2018.

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

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (cont'd)

#### 2.2.2 Summary of effects arising from initial application of HKFRS 9

The classification and measurement under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018 are described below.

##### Available-for-sale investments

On application of HKFRS 9, the available-for-sale investments carried at fair value of HK\$1,954,000 as at 31 December 2017 was reclassified as equity instruments at FVTOCI on 1 January 2018. The fair value gains or losses accumulated in the investments reserve of HK\$245,000 as at 1 January 2018 will no longer be subsequently reclassified to profit or loss upon derecognition under HKFRS 9 and are not subject to impairment assessment.

##### Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually for debtors with significant balances and the remaining trade receivables collectively using a provision matrix with appropriate groupings.

Assessment of loss allowances for other financial assets at amortised cost mainly comprise of other receivables and bank balances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

The directors of the Company considered that the measurement of ECL has no material impact to the Group's retained profits as at 1 January 2018.

Except as described above, the application of other new and amendments to HKFRSs has had no material effect on the amounts and disclosures set out in the condensed consolidated financial statements for the current interim period. The Group has not early applied new and amendments to HKFRSs and interpretation that have been issued but are not yet effective.



# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 3. SEGMENT REPORTING

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

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

## 4. REVENUE

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

## 5. PROFIT BEFORE TAX

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit before tax has been arrived at after charging and (crediting):		
Cost of inventories recognised as an expense	<b>237,485</b>	177,062
Allowance (reversal of allowance) on obsolete and slow moving inventories	<b>149</b>	(2,612)
Reversal of allowance for doubtful debts	<b>–</b>	(134)
Depreciation of property, plant and equipment	<b>197</b>	8
Changes in fair value of investment held-for-trading	<b>–</b>	24
Exchange loss (gain), net	<b>68</b>	(87)
Dividend income	<b>(181)</b>	–

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 6. INCOME TAX EXPENSE

Six months ended	
30 June 2018	30 June 2017
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The charge comprises:

Hong Kong Profits Tax

Current period

**103**

**363**

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

## 7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit of HK\$1,070,000 (30 June 2017: profit of HK\$484,000) and the weighted average number of ordinary shares calculated below.

Six months ended	
30 June 2018	30 June 2017
'000 shares	'000 shares
(unaudited)	(unaudited)

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

**280,000**

**280,000**

The computation of diluted earnings per share for the six months ended 30 June 2018 and 2017 did not assume the exercise of share options of the Company as the exercise prices of those options are higher than the average market prices of the Company for the periods.

## 8. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$38,000 (six months ended 30 June 2017: HK\$6,000) on the acquisition of property, plant and equipment.

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2018 HK\$'000 (unaudited)</b>	31 December 2017 HK\$'000 (audited)
Listed investments at fair value:		
Equity securities listed overseas	<b>5,818</b>	–
Equity securities listed in Hong Kong	<b>10,427</b>	–
Total	<b>16,245</b>	–

The fair values are determined based on the quoted market bid prices available on the relevant exchange. The listed investments as at 31 December 2017 were previously classified as available-for-sale investments and measured at fair value.

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

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$23,548,000 (31 December 2017: HK\$16,874,000). The following is an aged analysis of trade receivables presented based on the invoice date at end of each reporting period.

	<b>30 June 2018 HK\$'000 (unaudited)</b>	31 December 2017 HK\$'000 (audited)
Within 30 days	<b>17,100</b>	11,856
31 to 60 days	<b>4,474</b>	3,911
61 to 90 days	<b>1,948</b>	727
91 to 120 days	<b>22</b>	367
Over 120 days	<b>4</b>	13
Total trade receivables	<b>23,548</b>	16,874

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

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$43,622,000 (31 December 2017: HK\$22,072,000). The average credit period on purchase of goods is 30 days. The following is an aged analysis of the trade payables presented based on the invoice date at end of each reporting period.

	<b>30 June 2018 HK\$'000 (unaudited)</b>	31 December 2017 HK\$'000 (audited)
Within 30 days	<b>34,929</b>	15,753
31 to 90 days	<b>2,518</b>	144
91 to 120 days	–	–
Over 120 days	<b>6,175</b>	6,175
Total trade payable	<b>43,622</b>	22,072

## 13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	<b>500,000,000</b>	<b>50,000</b>
Issued and fully paid		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	<b>280,000,000</b>	<b>28,000</b>

# Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 14. SHARE-BASED PAYMENTS

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

Share options were granted by the Company on 25 June 2015. No options were granted, exercised, lapsed or forfeited during the period ended 30 June 2018.

<b>Grantee</b>	<b>Outstanding number of share options</b>
<b>At 31 December 2017 (audited) and 30 June 2018 (unaudited)</b>	
Directors	<b>6,390,000</b>
Employees and others	<b>1,500,000</b>
	<b>7,890,000</b>

## 15. RELATED PARTY TRANSACTIONS

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

The remuneration paid or payable to the Directors who are considered to be the key management personnel for the six months ended 30 June 2018 was HK\$1,975,000 (six months ended 30 June 2017: HK\$2,233,000).

# Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## Financial Review and Analysis

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2018, the Group had total assets of HK\$160,466,000 which were financed by total equity of HK\$102,885,000 and total liabilities of HK\$57,587,000. The Group had current ratio of approximately 2.5 compared to that of approximately 3.9 at 31 December 2017.

As at 30 June 2018, the Group had HK\$49,457,000 (31 December 2017: HK\$70,953,000) bank balances and cash. The Group's working capital requirements were mainly financed by internal resources.

The Group maintained a healthy liquidity position. As at 30 June 2018, the Group had a net cash surplus of HK\$49,457,000 (31 December 2017: HK\$70,953,000).

There was no borrowing as at 30 June 2018 (31 December 2017: Nil).

### **CHARGES ON GROUP ASSETS**

There was no pledged asset as at 30 June 2018 (31 December 2017: Nil).

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

The number of staff of the Group as at 30 June 2018 was 37 (30 June 2017: 36) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$6,169,000 (30 June 2017: HK\$5,814,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives for directors and employees to work with commitment towards enhancing the value of the Company and its shareholders and therefore the Company can retain high caliber executives and employees. No share options have been exercised, granted, lapsed or forfeited during current period. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

# Financial Review and Analysis

## **CURRENCY RISK MANAGEMENT**

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

The Group did not have any derivatives financial instrument outstanding as at 30 June 2018 (31 December 2017: Nil).

## **CONTINGENT LIABILITIES**

At 30 June 2018, the Group did not have any material contingent liabilities or guarantees (31 December 2017: Nil).

# Other Information

## DIRECTORS' INTERESTS IN SHARES

At 30 June 2018, the interests of the Directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

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

Name of Director	Personal Interests	Family Interests	Joint Interests (Note 1)	Corporate interests (Note 2 and 3)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kia Hong (Note 4)	1,846,754	161,280	–	203,607,467	205,615,501	73.43%
Lim Kiah Meng (Note 4)	1,729,024	144,000	170,880	203,607,467	205,651,371	73.45%
Lim Hwee Hai	1,065,984	1,145,330	–	–	2,211,314	0.79%

Notes:

- (1) Shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) 146,442,667 shares are registered in the name of SiS International Holdings Limited ("SiS International"). It is owned as to approximately 50.5% by Gold Sceptre Limited.
- (3) Gold Sceptre Limited holds 44,915,200 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 4,083,200 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and his sister are trustees of an estate and are holding 97,280 shares on behalf of three beneficiaries aged below 18. Out of these 97,280 shares, 64,000 shares and 33,280 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interests of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.



## Other Information

### DIRECTORS' INTERESTS IN SHARES (cont'd)

#### (ii) Share options

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

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

Ordinary share of HK\$0.10 each of SiS International, which is listed on the Main Board of the HKSE (Stock Code: 0529).

Name of Director	Personal Interests	Family Interests	Joint Interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of SiS International
Lim Kia Hong (Note 3)	6,933,108	504,000	-	178,640,000	186,077,108	66.94%
Lim Kiah Meng (Note 3)	5,403,200	450,000	534,000	178,640,000	185,027,200	66.56%
Lim Hwee Hai	4,493,200	4,751,158	-	-	9,244,358	3.33%
Chu Chung Yi	1,662,000	-	-	-	1,662,000	0.60%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of SiS International. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) In addition to the interests disclosed above, Mr. Lim Kiah Meng and his sister are trustees of an estate and are holding 304,000 shares on behalf of three beneficiaries aged below 18. Out of these 304,000 shares, 200,000 shares and 104,000 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interests of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

## Other Information

### DIRECTORS' INTERESTS IN SHARES (cont'd)

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

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options of SiS International
				Outstanding at 31 December 2017 (audited) and 30 June 2018 (unaudited)
<b>Directors and their associates:</b>				
<b>Lim Kia Hong</b>				
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
<b>Lim Hwee Hai (Note)</b>				
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
<b>Lim Kiah Meng</b>				
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
<b>Wong Yi Ting</b>				
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
				<b>660,000</b>

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

# Other Information

## SHARE OPTIONS

For details of the Company's share option scheme, please refer to page 27 in the 2017 annual report.

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

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options
				Outstanding at 31 December 2017 (audited) and 30 June 2018 (unaudited)
<b>Directors and their associates:</b>				
<b>Lim Kia Hong</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
<b>Lim Hwee Hai (Note)</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	600,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	600,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	600,000
<b>Lim Kiah Meng</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
<b>Fong Po Kiu</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	300,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	300,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	300,000
<b>Wong Yi Ting</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	150,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	150,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	150,000

# Other Information

## SHARE OPTIONS (cont'd)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	No. of share options
				Outstanding at 31 December 2017 (audited) and 30 June 2018 (unaudited)
<b>Directors and their associates: (cont'd)</b>				
<b>Chu Chung Yi</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
<b>Ng See Wai Rowena</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
<b>Doe Julianne Pearl</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	93,333
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	93,334
<b>Total directors and their associates</b>				<b>6,390,000</b>
<b>Employees and other qualified persons</b>				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	500,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	500,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	500,000
<b>Total employees and other qualified persons</b>				<b>1,500,000</b>
<b>Total number of share options</b>				<b>7,890,000</b>

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

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

## Other Information

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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***

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

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

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2018.

### CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the HKSE (the “Listing Rules”). Throughout the period ended 30 June 2018, the Company has complied with the code provision under the Code.

# Other Information

## **MODEL CODE**

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

## **AUDIT COMMITTEE**

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company’s condensed consolidated financial statements for the six months ended 30 June 2018, including the accounting principles and practices adopted by the Company.

## **USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING**

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

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

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period ended 30 June 2018.

On behalf of the Board of  
**SiS Mobile Holdings Limited**

**Lim Kiah Meng**

*Director*

Hong Kong, 16 August 2018

# Corporate Information

## **DIRECTORS**

### **Non-executive Directors:**

Lim Kia Hong (*Chairman*)  
Lim Hwee Hai

### **Executive Directors:**

Lim Kiah Meng  
Fong Po Kiu  
Wong Yi Ting

### **Independent Non-executive Directors:**

Chu Chung Yi  
Ng See Wai Rowena  
Doe Julianne Pearl

## **AUDIT COMMITTEE**

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

## **REMUNERATION COMMITTEE**

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

## **NOMINATION COMMITTEE**

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

## **COMPANY SECRETARY**

Wong Yi Ting

## **AUDITORS**

Deloitte Touche Tohmatsu

## **SOLICITORS**

Cleary Gottlieb Steen & Hamilton (Hong Kong)

## **PRINCIPAL BANKERS**

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

## **REGISTERED OFFICE**

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

## **PRINCIPAL PLACE OF BUSINESS**

6/F Contempo Place  
81 Hung To Road  
Kwun Tong  
Kowloon, Hong Kong  
Telephone: (852) 2138 3938  
Fax: (852) 2138 3928

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **STOCK CODE**

1362

## **INVESTOR RELATIONS**

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