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SiS MOBILE HOLDINGS LIMITED

新龍移動集團有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1362)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The directors (the “Directors”) of SiS Mobile Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with comparative figures for the corresponding year in 2021 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	1,837,386	2,275,455
Cost of sales		<u>(1,779,872)</u>	<u>(2,203,115)</u>
Gross profit		57,514	72,340
Other income		1,636	718
Other gains and losses, net	5	(683)	(7)
Selling and distribution expenses		(12,795)	(12,712)
Administrative expenses		(20,961)	(20,093)
Finance costs		<u>(303)</u>	<u>(111)</u>
Profit before tax	6	24,408	40,135
Income tax expense	7	<u>(2,956)</u>	<u>(6,849)</u>
Profit for the year		<u><u>21,452</u></u>	<u><u>33,286</u></u>
Other comprehensive expense			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		<u>(264)</u>	<u>(577)</u>
Total comprehensive income for the year attributable to owners of the Company		<u><u>21,188</u></u>	<u><u>32,709</u></u>

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK Cents</i>	2021 <i>HK Cents</i>
Earnings per share			
– Basic	8	<u>7.66</u>	<u>11.89</u>
– Diluted	8	<u>7.66</u>	<u>11.89</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment		1,500	2,207
Right-of-use assets		1,827	4,263
Equity instruments at fair value through other comprehensive income		10,727	12,785
Rental deposit		-	418
		<u>14,054</u>	<u>19,673</u>
Current Assets			
Inventories		29,879	54,680
Trade and other receivables, deposits and prepayments	9	72,035	64,777
Tax recoverable		3,885	-
Cash and cash equivalents		86,122	56,035
		<u>191,921</u>	<u>175,492</u>
Current Liabilities			
Trade payables, other payables and accruals	10	45,337	46,350
Contract liabilities		197	99
Lease liabilities		1,878	2,444
Tax payable		-	7,019
		<u>47,412</u>	<u>55,912</u>
Net Current Assets		<u>144,509</u>	<u>119,580</u>
Total Assets less Current Liabilities		<u>158,563</u>	<u>139,253</u>
Non-current Liability			
Lease liabilities		-	1,878
Net Assets		<u>158,563</u>	<u>137,375</u>
Capital and Reserves			
Share capital	11	28,000	28,000
Reserves		130,563	109,375
Equity attributable to owners of the Company and total equity		<u>158,563</u>	<u>137,375</u>

Notes:

1. GENERAL INFORMATION

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

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Convenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2024

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

3. SEGMENTAL REPORTING

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

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

4. REVENUE

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

5. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Exchange (loss) gain, net	(796)	73
Impairment losses reversed (recognised) under expected credit loss model, net	<u>113</u>	<u>(80)</u>
	<u>(683)</u>	<u>(7)</u>

6. PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories recognised as an expense (including write-down of inventories of HK\$91,000 (2021: HK\$3,497,000))	1,779,872	2,203,115
Depreciation of property, plant and equipment	777	836
Depreciation of right-of-use assets	2,436	2,437
Dividend income from equity instruments at fair value through other comprehensive income	(365)	(369)
Government subsidy income from Employment Support Scheme provided by the Hong Kong government	<u>(1,047)</u>	<u>-</u>

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong		
Current year	2,980	6,868
Overprovision in prior year	<u>(24)</u>	<u>(19)</u>
	<u>2,956</u>	<u>6,849</u>

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

8. EARNINGS 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\$21,452,000 (2021: HK\$33,286,000) and the number of ordinary shares of 280,000,000 (2021: 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.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$18,674,000 (2021: HK\$40,259,000). The following is an aged analysis of trade receivables, net of allowance for credit losses HK\$119,000 (2021: HK\$241,000), presented based on the invoice date at the end of the reporting period.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	15,400	33,677
31 to 60 days	2,919	6,081
61 to 90 days	355	498
Over 120 days	-	3
Total trade receivables	<u>18,674</u>	<u>40,259</u>

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

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$28,523,000 (2021: HK\$23,722,000). The average credit period on purchase of goods is 15 to 45 days. The following is an aged analysis of the trade payables based on the invoice date, at the end of each reporting period.

	2021 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	22,355	17,669
31 to 90 days	222	104
91 to 120 days	1	2
Over 120 days	5,945	5,947
Total trade payables	<u>28,523</u>	<u>23,722</u>

11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value <i>HK\$'000</i>
Authorised		
At 1 January 2021, 31 December 2021 and 2022	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid		
At 1 January 2021, 31 December 2021 and 2022	<u>280,000,000</u>	<u>28,000</u>

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 2.0HK cents per share amounting to HK\$5,600,000 for the year ended 31 December 2022 (2021: Nil), payable to shareholders on the register of members on 4 July 2023. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable in cash on 13 July 2023.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 3 July and 4 July 2023, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2022, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 30 June 2023.

BUSINESS AND FINANCIAL REVIEW, PROSPECT AND ANALYSIS,

Business and Financial Review

Revenue for the year decreased from HK\$2,275,455,000 to HK\$1,837,386,000 and net profit attributable to shareholders amounted to HK\$21,452,000 compared to a net profit of HK\$33,286,000 for the same period last year. Net assets value of the Group grew 15.4% to HK\$158,563,000. Earnings per share was HK cents 7.66 per share.

Year 2022 was an extremely challenging and difficult year for many Hong Kong businesses. The continued lock down, increase in cost of living and rising interest rate resulted in the lower demand for smart phone and mobility products.

During the year, the Group continued to expand our product range which has begun to contribute positively to the Group's business.

Prospect

The economic outlook remains challenging against a backdrop of rising geopolitical tensions, war in Ukraine, record-high inflation levels, high cost of living. On the other hand, we are re-entering to normal life after a prolonged period of travel restrictions.

We have lived through one of the darkest periods in human history with Covid-19 pandemic but have emerged stronger together. We believe Hong Kong people are resilient. With Covid-19 seemingly behind us, we are looking forward to receiving both businessmen and tourists back to Hong Kong and this will bring about a rebound in business.

The Group is nimble; we are adjusting and working hand in hand with our business partners and staff to explore, expand and identify new opportunities and avenues to create shareholders value in the new after Covid-19 era.

Liquidity and Financial Resources

As at 31 December 2022, the Group had total assets of HK\$205,975,000 which were financed by total equity of HK\$158,563,000 and total liabilities of HK\$47,412,000. The Group had current ratio of approximately 4.0 at 31 December 2022 compared to that of approximately 3.1 last year.

As at 31 December 2022 the Group had HK\$86,122,000 (31 December 2021: HK\$56,035,000) cash and cash equivalents. The Group's working capital requirements were mainly financed by internal resources and borrowings. As at 31 December 2022 and 2021, the Group did not have any borrowings.

At the end of December 2022, the Group had net cash surplus of HK\$86,122,000 (31 December 2021: HK\$56,035,000).

Charges on Group Assets

There was no pledged asset as at 31 December 2022 (31 December 2021: Nil).

Significant Investments

The listed securities held by the Group are held for long term investment purpose and suffered a 2% decline during the year ended 31 December 2022, as a result of market volatility in both USA and Hong Kong stock markets. The fair value loss HK\$264,000 (2021: HK\$577,000) 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 yearend date. During the year, the Group disposal an investment in US at a gain when compared with investment cost. The Group received dividend income of HK\$365,000 (2021: HK\$369,000).

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

The number of staff of the Group as at 31 December 2022 was 48 (31 December 2021: 45) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$17,200,000 (31 December 2021: HK\$16,949,000). 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. During the year, no share options have been exercised, granted or lapsed. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

Currency Risk Management

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

Contingent Liabilities

At 31 December 2022, the Group did not have any contingent liabilities or guarantees (31 December 2021: Nil).

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

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

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

CORPORATE GOVERNANCE

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

MODEL CODE

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

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2022, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors. The financial figures in this announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Company's auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.sismobile.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2022 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites within April 2023.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to our committed staff for their contributions and hardworking, together with our customers, business partners and shareholders and directors for their support in SiS Mobile during this time; it is to their credit that we have been able to conduct our business effectively in light of this challenging environment.

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

Hong Kong, 29 March 2023

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