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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 2015

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 2015 together with comparative figures for the corresponding year in 2014 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	Notes 5	832,452	1,412,068
Cost of sales		<u>(795,031)</u>	<u>(1,369,934)</u>
Gross profit		37,421	42,134
Other income		1,484	1,473
Fair value gain on derivative financial instruments		-	2,526
Selling and distribution expenses		(10,092)	(13,364)
Administrative expenses		(25,581)	(19,986)
Listing expense		(196)	(25,607)
Finance costs		<u>(57)</u>	<u>(477)</u>
Profit (loss) before tax	6	2,979	(13,301)
Income tax expense	7	<u>(2,338)</u>	<u>(2,474)</u>
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company for the year		<u>641</u>	<u>(15,775)</u>
		2015 <i>HK Cents</i>	2014 <i>HK Cents</i>
Earnings (loss) per share			
– Basic	8	<u>0.23</u>	<u>(6.71)</u>
– Diluted	8	<u>0.23</u>	<u>N/A</u>

* For identification purposes only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

		<u>2015</u> <i>HK\$'000</i>	<u>2014</u> <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		<u>124</u>	<u>941</u>
Current assets			
Inventories		74,677	48,997
Trade and other receivables, deposits and prepayments	9	52,588	48,686
Tax recoverable		344	3,150
Bank balances and cash		<u>29,661</u>	<u>51,674</u>
		<u>157,270</u>	<u>152,507</u>
Current liabilities			
Trade payables, other payables and accruals	10	21,781	78,171
Borrowings		<u>30,500</u>	<u>5,000</u>
		<u>52,281</u>	<u>83,171</u>
Net current assets		<u>104,989</u>	<u>69,336</u>
Total assets less current liabilities and net assets		<u>105,113</u>	<u>70,277</u>
Capital and reserves			
Share capital	11	28,000	1
Reserves		<u>77,113</u>	<u>70,276</u>
Equity attributable to owners of the Company and total equity		<u>105,113</u>	<u>70,277</u>

Notes:

1. GENERAL

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 subsidiaries are retail sales and distribution of mobile phones and related products in Hong Kong.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Group reorganisation

Pursuant to the group reorganisation (“Group Reorganisation”) to rationalise the group structure to prepare for the listing of the shares of the Company, the Company acquired the entire equity interests in the companies comprising the Group from SiS. The Group Reorganisation was completed on 10 October 2014 and since then, the Company became the holding company of the companies comprising the Group (the “Combined Entities”). The Combined Entities and the Company are under common control of SiS before and after the Group Reorganisation. Therefore, the acquisition of the Combined Entities are accounted for as business combination under common control by applying the principles of merger accounting in accordance with Accounting Guidance 5 “Merger Accounting for Common Combinations”.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group have been prepared to include the results, changes in equity and cash flows of the Combined Entities as if the current group structure had been in existence since 1 January 2014, or since the respective dates of incorporation or acquisition by SiS, whichever period is shorter.

The consolidated statement of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the Combined Entities as if the current group structure had been in existence at the end of the preceding financial reporting period.

Details of the Group Reorganisation were set out in section headed “History and Reorganisation” of the Company’s prospectus dated 31 December 2014.

3. APPLICATION OF NEW AND REVISED 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 (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors’ report and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company do not anticipate that the application of the new and revised HKFRSs and amendments will have a material impact on the results and/or the financial position of the Group.

4. 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 consolidated revenue and consolidated gross profit of the Group are the measures reported to the executive directors of the Company, being the chief operating decision maker for the purposes of resource allocation and performance assessment. The executive directors consider that all products distributed by the Group have similar nature and therefore, concluded that there is only one operating and reportable segment, which is the Group as a whole, and no further analysis for segment information is presented.

5. 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.

6. PROFIT (LOSS) BEFORE TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories recognised as an expense	795,031	1,369,934
Reversal on impairment of inventories	(1,222)	(713)
Depreciation of property, plant and equipment	814	1,321
Written off of property, plant and equipment	19	-
Exchange gain, net	<u>(1,305)</u>	<u>(348)</u>

7. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong		
Current	2,045	2,056
Underprovision in prior years	<u>293</u>	<u>418</u>
Income tax expense	<u>2,338</u>	<u>2,474</u>

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

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the Group's profit attributable to owners of the Company of HK\$641,000 (2014: loss of HK\$15,775,000) and the weighted average number of ordinary shares for the purpose of basic earnings (loss) per share of 278,281,644 (2014: 235,200,000).

The calculation of the weighted average number of ordinary shares for the purpose of basic earnings (loss) per share for the year ended 31 December 2015 and 2014 has taken into account the shares issued during the year upon the Group Reorganisation and adjusted for the capitalisation issue on 15 January 2015.

The computation of the diluted earnings per share for the year ended 31 December 2015 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.

Diluted loss per share for the year ended 31 December 2014 is not presented as there were no potential ordinary shares outstanding during the year.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$40,920,000 (2014: HK\$24,056,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	32,281	11,742
31 to 60 days	6,043	8,658
61 to 90 days	2,506	3,646
91 to 120 days	8	-
Over 120 days	82	10
	<u>40,920</u>	<u>24,056</u>
Total trade receivables	<u>40,920</u>	<u>24,056</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\$9,785,000 (2014: HK\$45,919,000). 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 the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	9,328	31,490
31 to 90 days	194	14,107
91 to 120 days	-	79
Over 120 days	263	243
	<u>9,785</u>	<u>45,919</u>
Total trade payables	<u>9,785</u>	<u>45,919</u>

11. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised		
At date of incorporation	3,800,000	380
- 4 July 2014		
Increase on 16 December 2014	<u>496,200,000</u>	<u>49,620</u>
At 31 December 2015 and 2014	<u><u>500,000,000</u></u>	<u><u>50,000</u></u>
Issued and fully paid		
At date of incorporation	1	-*
- 4 July 2014		
Issue of shares on		
10 October 2014	<u>9,999</u>	<u>1</u>
As 31 December 2014	10,000	1
Issue of shares on		
- 15 January 2015 (a)	235,190,000	23,519
- 15 January 2015 (b)	<u>44,800,000</u>	<u>4,480</u>
At 31 December 2015	<u><u>280,000,000</u></u>	<u><u>28,000</u></u>

* Represent HK\$0.10

The Company was incorporated on 4 July 2014 and upon incorporation, 1 ordinary share was allotted and issued to the immediate holding company at par.

On 10 October 2014, the Company issued 9,999 ordinary shares to SiS Distribution Limited, a fellow subsidiary of the Company, pursuant to the Group Reorganisation in exchange for the entire equity interests in the companies comprising the Group as mentioned in note 2.

On 16 December 2014, the Company increased the authorised share capital from HK\$380,000 divided into 3,800,000 ordinary shares to HK\$50,000,000 divided into 500,000,000 ordinary shares by the creation of additional 496,200,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the then existing issued ordinary shares.

On listing of the shares of the Company on the HKSE on 15 January 2015

- (a) an amount of HK\$23,519,000 was capitalised from the share premium account of the Company by the issuance of 235,190,000 ordinary shares of HK\$0.10 each; and
- (b) 44,800,000 ordinary shares of HK\$0.10 each were issued at HK\$0.82 per share to the public for a total gross proceeds of HK\$36,736,000.

All the new shares issued during the year rank pari passu in all respects with the then existing issued ordinary shares.

DIVIDEND

Directors do not recommend payment of dividend for the year ended 31 December 2015.

BUSINESS REVIEW AND PROSPECT

The Group reported a net profit \$641,000 for the year ended 31 December 2015 when compared with HK\$15.8 million loss in 2014.

Our first year as a public company has been extremely eventful on both the business and financial front. Our listing on The Hong Kong Exchange on 15 January 2015 received overwhelming response with 172 times oversubscription. We have made healthy progress with our financial results, turning around a net loss in 2014 to a net profit for the year ended 31 December 2015.

Due to weaker sales demand as a result of sluggish inbound tourism and the intensive competition in mobility products, our revenue reduced to HK\$832 million. Despite the headwinds, the Group reported a net profit \$641,000 for the year. This is testament to the Group's innate strengths and experience in managing a focused distribution model, and also speaks for our strong relationships and wide reseller network.

As the world of mobility continues to evolve, the proliferation of mobile devices continues to drive growth and innovation. While we believe that competition in mature areas such as mobile phones will become more intensive, this also bodes well for the sector and the overall adoption of mobile as more innovative products will arise. This ongoing trend will also bring about fresh opportunities in new segments, such as the Internet of Things (IOT), wearable technologies, etc.

In light of the rapidly changing industry, and whilst the local economic outlook remains challenging and uncertain, we look upon every challenge as a potential new opportunity. The Group is well position with a strong management team, a strong financial position and an extensive reseller network to explore and identify new opportunities and avenues to add to our income streams.

The Group will continue to move ahead with confidence.

During 2015, the Company granted share options to qualified grantees as incentives and benefits for their continuing support to the Group.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2015, the Group had total assets of HK\$157,394,000 which were financed by total equity of HK\$105,113,000 and total liabilities of HK\$52,281,000. The Group had current ratio of approximately 3.0 compared to that of approximately 1.8 at 31 December 2014.

As at 31 December 2015 the Group had HK\$29,661,000 (31 December 2014: HK\$51,674,000) bank balances and cash. The Group's working capital requirements were mainly financed by internal resources and bank borrowings. As at 31 December 2015, the Group had short term borrowings of total HK\$30,500,000 (31 December 2014: HK\$5,000,000). All borrowings were denominated in Hong Kong Dollars and were charged by banks at floating interest rate.

At the end of December 2015, the Group had net borrowings (total borrowing less bank balances and cash) of HK\$839,000 (31 December 2014: net cash surplus HK\$46,674,000).

Gearing ratio, as defined by total borrowings to total equity as at 31 December 2015 was 29% (31 December 2014: 7%).

Charges on Group Assets

There was no pledged asset as at 31 December 2015 (31 December 2014 : Nil).

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

The number of staff of the Group as at 31 December 2015 was 47 (30 June 2014: 49) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$13,253,000 (31 December 2014: HK\$14,140,000). 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. During the year, 7,890,000 share options were granted to directors, employees and eligible persons. Fair value of the options determined at the date of grant was approximately HK\$7,418,000 and in which HK\$3,674,000 had been charged off during 2015 as equity-settled share option expense. 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.

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.

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 2015 the Group did not have any material contingent liabilities or guarantees (31 December 2014 : Nil).

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”). Since the listing date up to the date of this announcement, 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 since the listing date.

AUDIT COMMITTEES

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 2015, 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 2015 have been agreed by the Company’s auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 January 2015. Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company’s listed securities since the listing date to 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Since the Listing Date to 31 December 2015, the Company has maintained a sufficient public float.

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 2015 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2016.

APPRECIATION

We would like to express our appreciation to our dedicated staff for their contributions and hard work and to our customers, business partners, shareholders and directors for their continued support.

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

Hong Kong, 14 March 2016

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. Ng See Wai Rowena and Ms. Doe Julianne Pearl as independent non-executive directors.