



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

2024



*for identification purpose only

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Corporate Information

DIRECTORS

Executive Directors:

Lim Kiah Meng (*Chairman*)
Fong Po Kiu
Wong Yi Ting

Non-executive Directors:

Lim Hwee Hai
Lim Ee Ray (*Appointed 1 October 2024*)
Lim Yi Alex (*Appointed 1 October 2024*)
Lim Kia Hong (*Deceased 12 August 2024*)

Independent Non-executive Directors:

Chu Chung Yi
Cheng Tak Chung
Ma Shiu Sun Michael (*Appointed 1 October 2024*)
Doe Julianne Pearl (*Resigned 30 September 2024*)

AUDIT COMMITTEE

Chu Chung Yi (*Chairlady*)
Cheng Tak Chung
Ma Shiu Sun Michael (*Appointed 1 October 2024*)
Doe Julianne Pearl (*Resigned 30 September 2024*)

REMUNERATION COMMITTEE

Ma Shiu Sun Michael (*Appointed 1 October 2024*)
(*Chairman*)
Lim Kiah Meng
Chu Chung Yi
Cheng Tak Chung
Doe Julianne Pearl (*Resigned 30 September 2024*)

NOMINATION COMMITTEE

Lim Kiah Meng (*Chairman*)
Chu Chung Yi
Cheng Tak Chung
Ma Shiu Sun Michael (*Appointed 1 October 2024*)
Doe Julianne Pearl (*Resigned 30 September 2024*)

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

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enquiry@sismobile.com.hk

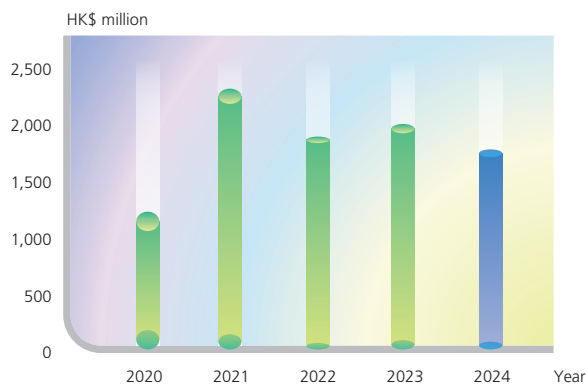
Dear Shareholders,

The financial year 2024 was a year of transformation and resilience for our Group. Amid a complex and evolving global economic landscape, we remained steadfast in executing our strategic initiatives while adapting to shifting market conditions.

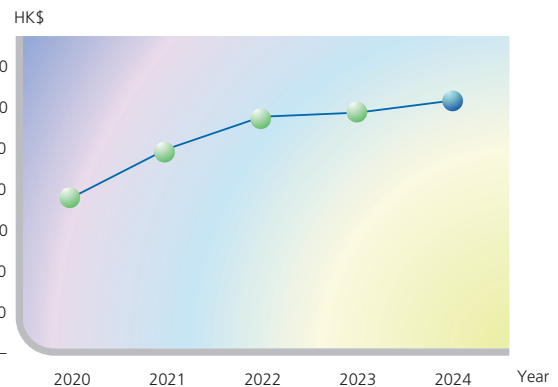
FINANCIAL PERFORMANCE

During the year, our turnover declined by 11% due to industry-wide headwinds and evolving consumer demand. However, through optimize operational efficiencies and a strategic focus on higher-margin segments, we achieved an improvement in our gross profit ratio. More importantly, our commitment to driving sustainable profitability translated into a 9% growth in net profit attributable to equity owners, underscoring the strength of our business fundamentals.

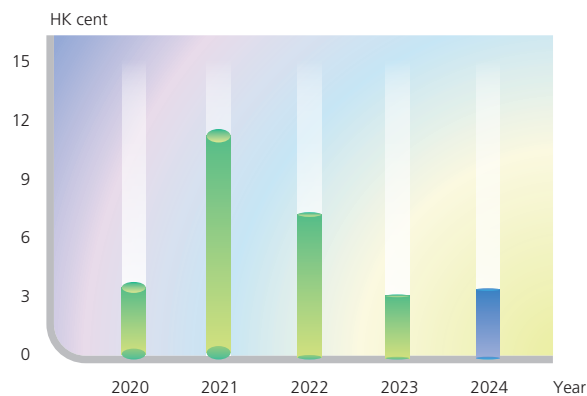
Revenue



NAV per share



Earnings per share



Chairman's Statements

BUSINESS REVIEW

Despite a challenging economic environment, we continued to refine our business model and explore new avenues for growth. Consumer sentiment remained cautious, shaped by macroeconomic uncertainties, inflationary pressures, and East-West trade war. Nevertheless, our ability to adapt and optimize operations allowed us to navigate these complexities while maintaining financial stability.

PROSPECTS

Looking ahead, we remain proactive in identifying opportunities for expansion and diversification. Our management team is actively exploring new market segments to drive future growth while seeking strategic acquisitions that align with our long-term objectives. With a disciplined approach to capital allocation and a commitment to enhancing operational efficiencies, we are confident in our ability to strengthen our competitive position and deliver long-term value to our shareholders.

APPRECIATION

As we move forward, I extend my sincere gratitude to our employees for their unwavering dedication, our customers and business partners for their continued trust, and our shareholders for their steadfast support. Your confidence in our vision fuels our determination to navigate challenges and seize new opportunities.

While uncertainties remain, our resilience, strategic focus, and commitment to innovation position us well for sustainable growth. We remain optimistic about the road ahead and look forward to delivering continued value to all stakeholders.

Lim Kiah Meng

Chairman

Hong Kong, 20 March 2025

Management Discussion and Analysis

FINANCIAL REVIEW

For the financial year ended 31 December 2024, the Group reported 9% growth in net profit of HK\$9,817,000 despite declined in revenue by 11% to HK\$1.7 billion, driven by external pressures and evolving market dynamics. While this decrease in revenue highlights the need for strategic adjustments, our ability to grow profits in such a context underscores the strength of our business model and cost management practices.

Operating expenses continued to rise, primarily due to investments in promotional activities, sales force expansion, and logistics enhancements. These increases were deliberate, aimed at strengthening our market presence, improving customer engagement, and building long-term operational capacity.

Moving forward, our focus will remain on balancing revenue growth with strategic investments to sustain profitability and position the company for future success.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total assets of HK\$204,655,000 which were financed by total equity of HK\$170,980,000 and total liabilities of HK\$33,675,000. The Group had current ratio of approximately 6.5 at 31 December 2024 compared to that of approximately 3.3 last year.

As at 31 December 2024, the Group had HK\$81,042,000 (31 December 2023: HK\$110,498,000) cash and cash equivalents. The Group's working capital requirements were mainly financed by internal resources and borrowings. As at 31 December 2024 and 2023, the Group did not have any borrowings.

At the end of December 2024, the Group had net cash surplus of HK\$81,042,000 (31 December 2023: HK\$110,498,000).

CHARGES ON GROUP ASSETS

There was no pledged asset as at 31 December 2024 (31 December 2023: Nil).

SIGNIFICANT INVESTMENTS

The listed securities held by the Group are held for long term investment purpose and have 17% increase value during the year ended 31 December 2024, as a result of market improvement in both USA and Hong Kong stock markets. The fair value gain HK\$2,047,000 (2023: HK\$1,343,000) was accounted for in other comprehensive income. 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 ended date. The Group received dividend income of HK\$583,000 (2023: HK\$466,000) during the year ended 31 December 2024.

Management Discussion and Analysis

Stock Code	Stock Name	31.12.2024 # of share	31.12.2024 Fair Value HK\$'000	Fair Value Gain/(loss) credited/ (charged) to Investment Reserve during 2024 HK\$'000	% to total asset
NTNX.US	Nutanix Inc.	11,480	5,478	1,207	2.7%
1299.HK	AIA Group Limited	25,000	1,408	(293)	0.7%
11.HK	Hang Seng Bank Limited	15,000	1,433	67	0.7%
5.HK	HSBC Plc	38,178	2,894	489	1.4%
939.HK	China Construction Bank Limited	300,000	1,944	549	0.9%
6823.HK	HKT Limited	100,000	960	28	0.5%
			14,117	2,047	6.9%

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES AND PERFORMANCE BONUS

The number of staff of the Group as at 31 December 2024 was 57 (31 December 2023: 65) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$22,361,000 (31 December 2023: HK\$18,817,000). In addition to the mandatory provident fund and medical insurance, discretionary bonus is awarded to employees according to performance appraisals. 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 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 2024, the Group did not have any contingent liabilities or guarantees (31 December 2023: Nil).

Environmental, Social and Governance Report

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, 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 9th 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 2024 to 31 December 2024 (the “Reporting Period” or “FY2024”). 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 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.

Environmental, Social and Governance Report

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.

Environmental, Social and Governance Report

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.

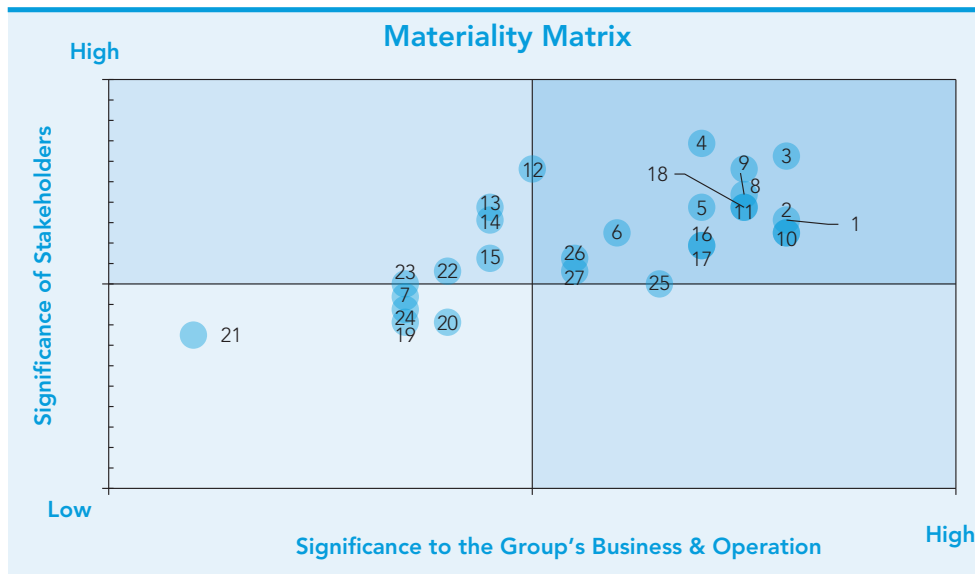
Through this meticulous inquiry, the Group sought to discern and comprehend the intricate interplay between these ESG elements and their impact on the relevant stakeholders, as well as the overall functioning and sustenance of the Group's multifaceted business undertakings. This comprehensive analysis 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.

Environmental, Social and Governance Report

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 46.2 tonnes (2023: 43.2 tonnes). The other indirect emissions increased to 12.1 tonnes (2023: 11.2 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	FY2024	FY2023
Scope 1: GHG emissions from mobile combustion	0.0 tonnes	0.0 tonnes
Scope 2: Energy Indirect Emissions	46.2 tonnes	43.2 tonnes
Scope 3: Other Indirect Emissions	12.1 tonnes	11.2 tonnes
— Paper waste disposed at landfills	7.9 tonnes	7.3 tonnes
— Business air travel by employee	4.2 tonnes	3.9 tonnes
Total greenhouse gas emission from scope 1 to 3	58.3 tonnes	54.4 tonnes
Carbon Intensity (tCO ₂ per total number of employee) ¹	1.02tCO ₂	0.84tCO ₂

Note:

- As at 31 December 2024, the Group has a total of 55 employees (as at 31 December 2023: 65 employees), which will be used to calculate other intensity data.

Non-hazardous waste produced (paper waste, printer cartridges, tonner bottle) was 1,650 kg (2023: 1,525 kg), with non-hazardous waste intensity of 29kg (2023: 23kg) per employee.

ENVIRONMENTAL (Continued)

A2. Use of Resources

Electricity consumption was 118,527 kWh in FY2024, with energy intensity of 2,079 kWh per employee, and recorded a 7% higher from 110,742 kWh for FY2023, as there was more overseas business travel.

Water usage remains at 179 cubic meters (with water consumption intensity of 3.14 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, and enhanced WPRS with effect from 1 July 2024, our products, including mainly mobile phones, tablets, monitors or televisions 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

Commitment to Climate Action

The Group acknowledges the profound impact of climate change on global economies and ecosystems. Recognizing our responsibility, we are committed to integrating climate resilience and sustainability into our business strategies in Hong Kong.

ENVIRONMENTAL (Continued)

A4. Climate Change (Continued)

Climate-Related Risks and Financial Implications

The Group has identified key climate-related risks and their potential financial impacts across its distribution business.

Climate Risks	Time Horizon	Trend	Potential Financial Impact	Mitigation Strategies
Physical Risks:				
Acute Risks (Extreme Weather Events)	Short term	Increasing	<ul style="list-style-type: none"> — Supply chain disruptions affecting distribution due to typhoons and floods in Hong Kong — Damage to assets, leading to increased repair costs and insurance premiums 	<ul style="list-style-type: none"> — Diversifying supply chain to mitigate disruptions — Implementing flood-resistant infrastructure in warehouse and office
Chronic Risks (Rising Temperatures & Sea Levels)	Long term	Increasing	<ul style="list-style-type: none"> — Higher cooling costs for IT facilities and working area 	<ul style="list-style-type: none"> — Implementing energy-saving technologies to improve operational efficiency
Transition Risks:				
Policy & Legal	Short to Medium term	Increasing	<ul style="list-style-type: none"> — Rising compliance costs due to stricter environmental regulations in Hong Kong — Potential penalties for non-compliance with new sustainability policies 	<ul style="list-style-type: none"> — Strengthening ESG governance and compliance — Aligning business practices with evolving climate policies
Market	Short term	Increasing	<ul style="list-style-type: none"> — Changing client demands towards sustainable products — Decreased competitiveness if sustainability expectations are not met 	<ul style="list-style-type: none"> — Expanding eco-friendly product offerings — Engaging suppliers to ensure sustainability in distribution
Reputation	Short to Medium term	Increasing	<ul style="list-style-type: none"> — Investor concerns over inadequate climate response impacting stock performance — Reduced customer trust in non-sustainable business practices 	<ul style="list-style-type: none"> — Enhancing ESG transparency through comprehensive sustainability reporting — Actively communicating sustainability initiatives to stakeholders

ENVIRONMENTAL (Continued)

A4. Climate Change (Continued)

Mitigation and Adaptation Strategies

To address these risks, the Group is implementing the following strategic climate actions:

1. **Enhancing Operational Resilience**
 - **Supply Chain Diversification:** Expanding supplier networks and logistics solutions to minimize disruptions.
 - **Infrastructure Fortification:** Strengthening flood and weather-resistant measures in warehouse and office.
2. **Sustainable Investment and Development**
 - **Energy-Efficient Facilities:** Implementing energy-saving technologies and advanced monitoring systems to enhance operational efficiency.
3. **Product and Service Adaptation**
 - **Eco-Friendly Distribution:** Increasing partnerships with manufacturers offering energy-efficient and sustainable products.
 - **Promoting Digital Solutions:** Encouraging cloud-based and paperless technologies to reduce carbon footprints.
4. **Stakeholder Engagement and Transparency**
 - **Employee Sustainability Training:** Raising awareness on climate responsibility across all levels of the organization.
 - **ESG & Climate Disclosure Enhancement:** Strengthening sustainability reporting to align with global best practices.

Opportunities Arising from Climate Action

The Group is also leveraging climate-related opportunities to enhance long-term value:

- **Market Differentiation:** Positioning itself as a leader in distributing sustainable mobile & related products.
- **Cost Optimization:** Implementing energy efficiency measures to reduce operational expenses.

The Group is committed to integrating climate-conscious strategies into its operations, supply chains, and investment decisions. By addressing both risks and opportunities, the Group aims to enhance its resilience while contributing positively to global sustainability efforts and ensuring long-term stakeholder value.

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 decreased by 12% (or 8) during the Reporting Period. As at 31 December 2024, the Group had a total of 53 (2023: 49) permanent staffs and a total of 4 (2023: 16) non-permanent staffs, such as part time staff, contract staff and promoters.

Workforce by age group and gender in FY2024:

Age/Gender	Male	Female	Total	% to total
Below 30	4	4	8	14%
30 to 50	13	17	30	53%
Over 50	11	8	19	33%
Total no. of employees	28	29	57	100%

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%

Turnover rate² by age group and gender in FY2024:

Age/Gender	Male	Female	Total
Below 30	0.0%	60.0%	35.3%
30 to 50	66.7%	35.9%	50.0%
Over 50	9.5%	16.7%	12.1%

Turnover rate² 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%

Note:

- 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%

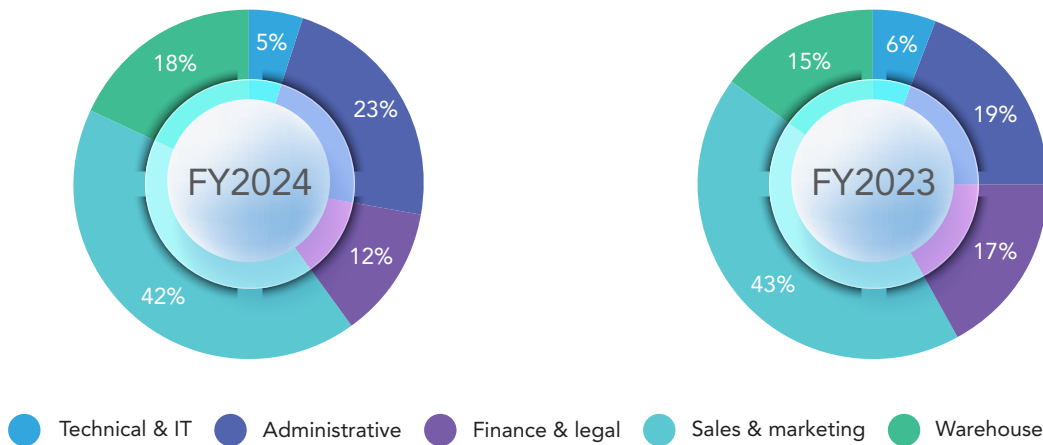
SOCIAL (Continued)

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 all staffs to work with commitment toward enhancing the value of the Group and its shareholders, the Company offered staff trip for bonding and team building during the year.

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 (2023: 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

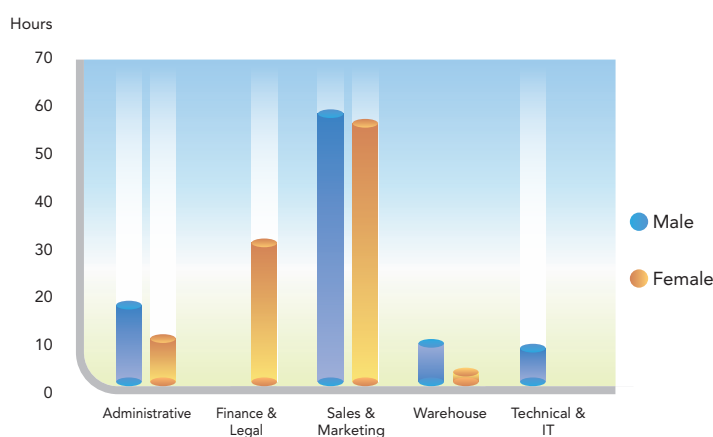
As a distributor of renowned brands mobile phones and related products in Hong Kong, our sales force and technical staffs possess broad knowledge of mobile phones in order to provide the best services to our resellers. We work closely with suppliers to keep our sales teams updated on the latest technology 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 197 hours (2023: 107 hours) for 105% employees of the Group (2023: 43%), average 3.5 hours (2023: average 1.6 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 FY2024:



Percentage of employees trained³ by gender and function for FY2024:

Function/Gender	Male	Female	Total
Administrative	700%	75%	123%
Finance & Legal	N/A ⁵	143%	143%
Sales & Marketing	67%	100%	79%
Warehouse	100%	400%	130%
Technical & IT	67%	N/A ⁵	67%

Average training hours per employees⁴ trained by gender and function for FY2024:

Function/Gender	Male	Female	Total
Administrative	18.0	0.9	2.2
Finance & Legal	N/A ⁵	4.4	4.4
Sales & Marketing	3.9	6.2	4.8
Warehouse	1.1	4.0	1.4
Technical & IT	3.0	N/A ⁵	3.0

Notes:

- 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%.
- 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.
- 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 (2023: 5) internationally renowned brands from our suppliers. More than 90% (2023: 99.97%) 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.

SOCIAL (Continued)

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.

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. In 2024, the Company made diligent efforts to schedule a seminar with ICAC for all staff to refresh their knowledge in anti-corruption and bribery.

By keeping our staff well-versed in the regulations, in relation to the prevention of commercial bribery, money laundering, fraud and extortion, 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.

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 (2023: 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.

Corporate Governance Report

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 its 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 nine members, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:

Mr. Lim Kiah Meng (*Chairman*)

Mr. Fong Po Kiu

Ms. Wong Yi Ting

Non-executive Directors:

Mr. Lim Hwee Hai

Mr. Lim Ee Ray (*Appointed on 1 October 2024*)

Mr. Lim Yi Alex (*Appointed on 1 October 2024*)

Independent Non-executive Directors:

Ms. Chu Chung Yi

Mr. Cheng Tak Chung

Mr. Ma Shiu Sun Michael (*Appointed on 1 October 2024*)

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.

BOARD OF DIRECTORS (CONTINUED)

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.

At year end 2024, two out of the nine board members are female. 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.

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 Kiah Meng	–	C	M
Ms. Chu Chung Yi	C	M	M
Mr. Cheng Tak Chung	M	M	M
Mr. Ma Shiu Sun Michael (<i>Appointed on 1 October 2024</i>)	M	M	C

Notes:

C — Chairman/Chairlady of the relevant Committee

M — Member of the relevant Committee

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Lim Kiah Meng is the Chairman of the Company and Managing Director (i.e. the Chief Executive officer), while Mr. Fong Po Kiu is the Co-CEO of the Company. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive officer and Co-CEO 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 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 2024 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 and is comprised of all INEDs and one executive Director, namely Mr. Lim Kiah Meng who is the Chairman of the Nomination Committee since 12 August 2024.

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 2024, Nomination Committee held three 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 and nomination 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, and one executive Director, namely Mr. Lim Kiah Meng, with Mr. Ma Shiu Sun Michael as Chairman with effect from 1 October 2024.

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 two meetings, 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 2024 are as follows:

Remuneration band	Number of individuals
HK\$0 to HK\$1,000,000	9
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 2024 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 been 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.

Corporate Governance Report

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 45 to 48.

AUDITORS' REMUNERATION

During the year ended 31 December 2024, the Group had engaged external auditors, Deloitte Touche Tohmatsu, to provide audit service at HK\$900,000 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 2024:

	General Meeting	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings during the year	(1)	(7)	(4)	(3)	(2)
Executive Directors					
Lim Kiah Meng	1/1	7/7	n/a	3/3	2/2
Fong Po Kiu	1/1	7/7	n/a	n/a	n/a
Wong Yi Ting	1/1	7/7	n/a	n/a	n/a
Non-Executive Directors					
Lim Kia Hong (<i>Deceased on 12 August 2024</i>)	1/1	3/3	n/a	1/1	1/1
Lim Hwee Hai	1/1	7/7	n/a	n/a	n/a
Lim Ee Ray (<i>Appointed on 1 October 2024</i>)	n/a	1/1	n/a	n/a	n/a
Lim Yi Alex (<i>Appointed on 1 October 2024</i>)	n/a	1/1	n/a	n/a	n/a
Independent Non-Executive Directors					
Chu Chung Yi	1/1	7/7	4/4	3/3	2/2
Cheng Tak Chung	1/1	7/7	4/4	3/3	2/2
Ma Shiu Sun Michael (<i>Appointed on 1 October 2024</i>)	n/a	1/1	n/a	1/1	n/a
Doe Julianne Pearl (<i>Resigned on 30 September 2024</i>)	1/1	6/6	4/4	2/2	2/2

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 2024 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 2024, 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. On 13 September 2024, each of the newly appointed directors have obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to new directors and the possible consequences of making false declaration or giving false information to the Stock Exchange. Each of the new directors have confirmed they understood their obligations as directors of the Company.

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 Hwee Hai	✓
Lim Ee Ray (Appointed on 1 October 2024)	✓
Lim Yi Alex (Appointed on 1 October 2024)	✓
Lim Kia Hong (Deceased on 12 August 2024)	✓
Independent Non-Executive Directors	
Chu Chung Yi	✓
Cheng Tak Chung	✓
Ma Shiu Sun Michael (Appointed on 1 October 2024)	
Doe Julianne Pearl (Resigned on 30 September 2024)	✓

Corporate Governance Report

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 2024.

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 2024, the Company has not made any changes to its Memorandum and Articles of Association ("Articles"). A Copy of the 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' RIGHTS (CONTINUED)

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 Kiah Meng, aged 71, is an executive Director, Chairman and Managing Director of the Company, brother-in-law of Mr. Lim Hwee Hai, father of Mr. Lim Yi Alex and uncle of Mr. Lim Ee Ray. Mr. Lim is one of the co-founders of the Group and had joined SiS International Holdings Limited ("SiS International") whose shares are listed on the Main Board (HK Stock Code: 00529) in Hong Kong since 1987. He has nearly forty 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 Distribution (Thailand) Public Co., Ltd. ("SiS Thai"), a publicly listed company on the Thailand Stock Exchange (SET: SIS). He is a director of IT Consultants PLC. ("ITCL") whose shares are listed on The Dhaka Stock Exchange ("DSE") and The Chittagong Stock Exchanges ("CSE") (Stock Code: ITC). 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 56, 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 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 Telecommunications Regulatory Affairs Committee (TRAAC), Office of the Communications Authority (OFCA); Management Committee on Smart Fund, Transport Department (TD); and eMPF Platform Expert Group, Mandatory Provident Fund Scheme Authority (MPFA).

Mr. Fong was recognized as a Fellow of The Professional Validation Centre of Hong Kong Business Sector (PVCBS) in 2019. He has been a Hong Kong Computer Society (HKCS) Fellow in June 2004. Since August 2001, he has also held the distinguished title of Fellow Member with The Chartered Governance Institute UK & Ireland (CGIUKI) and The Hong Kong Chartered Governance Institute (HKCGI). He graduated from Hong Kong Polytechnic with a professional diploma in company secretaryship and administration in November 1990.

Ms. WONG Yi Ting, aged 50, 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.

Directors' and Senior Management Profiles

Mr. LIM Hwee Hai, aged 75, is a non-executive Director of the Company and the brother-in-law of Mr. Lim Kiah Meng, father of Mr. Lim Ee Ray and uncle of Mr. Lim Yi Alex. Mr. Lim Hwee Hai 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 Hwee Hai has been a non-executive director of SiS Thai. He is also a director of ITCL. From September 2013 to May 2018, he was an independent non-executive director of Valuemax Group Limited, a company whose shares are listed on the Stock Exchange of Singapore. He 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.

Mr. LIM Ee Ray, age 39, is a non-executive Director of the Company since 1 October 2024, the son of Mr. Lim Hwee Hai, nephew of Mr. Lim Kiah Meng, and cousin of Mr. Lim Yi Alex, joined SiS International group in 2023 as Business Director and is tasked with developing and executing strategies to drive growth of SiS group. Prior to joining SiS group, Mr. Ray Lim was the Business Development Director of a Singapore MedTech Startup from 2017 to 2023. From 2011 to 2017, he was involved in various roles at ExxonMobil Asia Pacific Pte. Ltd., from Business Analyst to Sales and Management to Strategic Initiatives Advisor. Mr. Ray Lim has also been appointed as executive director of SiS International with effect from 1 October 2024 and a director of ITCL since 24 October 2024. Mr. Ray Lim obtained a Double Bachelor's Degree in Chemical Engineering and Business Administration from the National University of Singapore in February 2011. He has been a Professional Member of the Singapore Computer Society since July 2024.

Mr. LIM Yi Alex, age 31, is a non-executive Director of the Company since 1 October 2024. He is the Business Operations Manager of SiS International group to assist in overseeing its operation since January 2024. He is the son of Mr. Lim Kiah Meng, nephew of Mr. Lim Hwee Hai and cousin of Mr. Lim Ee Ray. Mr. Alex Lim joined the SiS International group through the Management Trainee Program in 2018 immediately after graduating with a degree from the University of British Columbia. In 2020, he left SiS International group and pursued advanced studies, obtaining a Master's degree in International Business and Management from the University of Westminster, London in November 2021. In 2022, Mr. Alex Lim expanded his professional experience by joining an early stage SaaS Start-up where he worked until 2023. This role allowed him to gain industry-specific insights. Mr. Alex Lim has been appointed as an executive director in SiS International with effect from 1 October 2024, a director of ITCL and SiS Thai since 24 October 2024 and 8 November 2024 respectively.

Ms. CHU Chung Yi, aged 58, is an independent non-executive Director of the Company since December 2014 and SiS International with effect from 1 October 2024. 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.

Directors' and Senior Management Profiles

Mr. CHENG Tak Chung, aged 68, 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 October 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.

Mr. MA Shiu Sun Michael, age 56, appointed as an independent non-Executive Director of the Company on 1 October 2024. He has been a practising lawyer for over twenty years and is practicing as a partner and notary public in a Hong Kong law firm in the areas of commercial and corporate matters. Mr. Ma was an independent non-executive director of SiS International for the period from 2 February 2012 to 30 September 2024. He is also an independent non-executive director of two immaterial wholly-owned subsidiaries of SiS International. Mr. Ma holds a Bachelor of Science (Economics) from London School of Economics, University of London, a Bachelor of Laws from University of Sydney and a Postgraduate Certificate of Laws (P.C.LL) from University of Hong Kong.

The directors present their report and the audited financial statements for the year ended 31 December 2024.

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 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49.

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 2025, amounting to totally HK\$4,200,000.

BUSINESS REVIEW

A fair review of business of the Group during the year, the description of the principal risks and uncertainties the Group faces and the future development of the business of the Group are contained in the sections headed "Chairman's statement" on pages 3 to 4 and "Management Discussion and Analysis" on pages 5 to 6 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year set out in the sections headed "Events After the Reporting Period" on page 44.

In addition, discussions on the Group's environmental policies and performance, compliance with the relevant laws and regulations and an account of the Group's key relationship with its employees, customers and suppliers are contained under the section headed "Environmental, Social and Governance Report" on pages 7 to 21 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 96. The summary does not form a part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK\$167,000 (2023: HK\$138,000) 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.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme disclosed in the section headed "Share Option" below, no equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was entered into by the Group during the financial year or subsisted at the end of the financial year.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Act of the Cayman Islands, amounted to HK\$124,005,000. The amount includes the Company's share premium and special reserve of HK\$104,521,000 in aggregate at 31 December 2024, 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 2024 and up to the date of this report were:

Executive directors:

Mr. Lim Kiah Meng (*Chairman and Managing Director*)
Mr. Fong Po Kiu (*Co-CEO*)
Ms. Wong Yi Ting

Non-executive directors:

Mr. Lim Hwee Hai
Mr. Lim Ee Ray (*Appointed on 1 October 2024*)
Mr. Lim Yi Alex (*Appointed on 1 October 2024*)
Mr. Lim Kia Hong (*Deceased on 12 August 2024*)

Independent non-executive directors:

Ms. Chu Chung Yi
Mr. Cheng Tak Chung
Mr. Ma Shiu Sun Michael (*Appointed on 1 October 2024*)
Ms. Doe Julianne Pearl (*Resigned on 30 September 2024*)

DIRECTORS (CONTINUED)

In accordance with article 108(a) of the Company's Articles of Association, Mr. Lim Kiah Meng, Ms. Wong Yi Ting and Mr. Cheng Tak Chung retire from office by rotation and, being eligible, offer themselves for re-election. In accordance with article 112, Mr. Lim Ee Ray, Mr. Lim Yi Alex and Mr. Ma Shiu Sun Michael are newly appointed director and they will retire and eligible for re-election in the coming annual general meeting in 2025.

Each of the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of the Company has appointed with service contracts or letters of appointment 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 32 to 34 of this annual report.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

The names of all persons who, during the financial year and up to the date of this report, serve as directors of the companies included as subsidiaries of the Company for the financial year ended 31 December 2024 are set out below:

Lim Kiah Meng
Lim Hwee Hai
Fong Po Kiu

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 and remained in force as of the date of this report.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2024, 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 ("HKEX") 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 (deceased)	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%
Lim Ee Ray	158,000	–	–	–	158,000	0.06%
Lim Yi Alex	64,000	–	–	–	64,000	0.02%

(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 (deceased)	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	4,545,200	4,751,158	–	–	9,296,358	3.34%
Lim Ee Ray	100,000	–	–	–	100,000	0.04%
Lim Yi Alex	200,000	–	–	–	200,000	0.07%
Chu Chung Yi	1,662,000	–	–	–	1,662,000	0.60%

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

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 the late 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 the late 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.

(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 2023 and 2024
Lim Kia Hong (deceased on 12.8.2024)				
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

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 31 December 2023 and 2024
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
Ma Shiu Sun Michael (appointed on 1.10.2024)				
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
				810,000

Note: Mr. Lim Hwee Hai's 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.

All share option lapsed on 30 June 2023 and no new share option was granted. The share option scheme expired on 15 December 2024 and no new scheme has been adopted.

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\$2,999,340 (2023: HK\$2,831,000) 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.

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 2024.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, 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 2024.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was approximately 57.7% by value of the Group's total goods sales during the year, with the largest customer accounted for 16.3%. The five largest suppliers of the Group comprised approximately 93.9% by value of the Group's total purchases during the year, with the largest supplier accounted for 49.4%.

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

The Group did not make any charitable donation during the year.

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 AND MODEL CODE

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.

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.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

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 2024.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event affecting the Group that had occurred since the end of the year up to the date of this annual report.

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 2025

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 49 to 95, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, 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 ("HKSA") 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.

Independent Auditor's Report

KEY AUDIT MATTER (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition from sales of goods</i></p> <p>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 2024 in respect of sales of goods amounted to approximately HK\$1,717,242,000.</p> <p>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.</p>	<p>Our procedures in relation to revenue recognition from sales of goods included:</p> <ul style="list-style-type: none">• 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 HKSAAs 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 HKSAAs, 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.

Independent Auditor's Report

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 this independent auditor's report is Chan, Alan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
20 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	6	1,717,242	1,935,876
Cost of sales		(1,663,214)	(1,888,015)
Gross profit		54,028	47,861
Other income	7	2,855	871
Other losses, net	8	(390)	(859)
Selling and distribution expenses		(19,433)	(14,906)
Administrative expenses		(25,103)	(21,766)
Finance costs	9	(484)	(194)
Profit before tax	10	11,473	11,007
Income tax expense	11	(1,656)	(1,997)
Profit for the year		9,817	9,010
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		2,047	1,343
Total comprehensive income attributable to owners of the Company		11,864	10,353
Earnings per share	13		
— Basic (HK cents)		3.51	3.22
— Diluted (HK cents)		N/A	3.22

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current Assets			
Property, plant and equipment	15	282	857
Right-of-use assets	16	9,902	6,324
Equity instruments at FVTOCI	17	14,117	12,070
Rental deposit	19	1,099	418
		25,400	19,669
Current Assets			
Inventories	18	15,231	43,398
Trade and other receivables, deposits and prepayments	19	82,670	56,383
Tax recoverable		312	2,114
Cash and cash equivalents	20	81,042	110,498
		179,255	212,393
Current Liabilities			
Trade payables, other payables and accruals	21	23,127	62,246
Contract liabilities	22	101	126
Lease liabilities	23	4,388	2,183
		27,616	64,555
Net Current Assets		151,639	147,838
Total Assets less Current Liabilities		177,039	167,507
Non-current Liability			
Lease liabilities	23	6,059	4,191
Net Assets		170,980	163,316
Capital and Reserves			
Share capital	24	28,000	28,000
Reserves		142,980	135,316
Equity attributable to owners of the Company and total equity		170,980	163,316

The consolidated financial statements on pages 49 to 95 were approved and authorised for issue by the board of directors on 20 March 2025 and are signed on its behalf by:

LIM KIAH MENG
DIRECTOR

LIM HWEE HAI
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	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 2023	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
Profit for the year	-	-	-	-	-	9,817	9,817
Fair value gain on investments in equity instruments at FVTOCI	-	-	-	-	2,047	-	2,047
Profit and total comprehensive income for the year	-	-	-	-	2,047	9,817	11,864
Dividend recognised as distribution (note 14)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2024	28,000	2,522	3,497	-	(1,459)	138,420	170,980

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 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	11,473	11,007
Adjustments for:		
Depreciation of property, plant and equipment	742	781
Depreciation of right-of-use assets	3,035	2,402
Dividend income	(583)	(466)
Finance costs	484	194
Impairment losses recognised under expected credit loss model, net	105	136
Interest income from bank deposits	(1,999)	(332)
Write-down of inventories	406	165
Operating cash flows before movements in working capital	13,663	13,887
Decrease (increase) in inventories	27,761	(13,684)
(Increase) decrease in trade and other receivables, deposits and prepayments	(27,073)	15,098
(Decrease) increase in trade payables, other payables and accruals	(39,119)	16,909
Decrease in contract liabilities	(25)	(71)
CASH (USED IN) GENERATED FROM OPERATIONS	(24,793)	32,139
Tax paid	(1,059)	(1,845)
Tax refunded	1,205	1,619
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(24,647)	31,913
INVESTING ACTIVITIES		
Dividend received	583	466
Interest received	1,999	332
Purchase of property, plant and equipment	(167)	(138)
NET CASH FROM INVESTING ACTIVITIES	2,415	660
FINANCING ACTIVITIES		
Interest paid	(484)	(194)
Dividend paid	(4,200)	(5,600)
New bank loans raised	9,300	–
Repayments of bank loans	(9,300)	–
New loans raised from a related company	–	30,000
Repayment of loans from a related company	–	(30,000)
Repayments of lease liabilities	(2,540)	(2,403)
NET CASH USED IN FINANCING ACTIVITIES	(7,224)	(8,197)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(29,456)	24,376
CASH AND CASH EQUIVALENTS AT 1 JANUARY	110,498	86,122
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by cash and cash equivalents	81,042	110,498

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 and his spouse. Mr. Lim Kiah Meng is also the director of the Company.

The Company acts as an investment holding company and its subsidiaries (hereinafter together with the Company referred to as the "Group") are principally engaged in distribution and retail sales of mobile phones and related products. Details of the 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 ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

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 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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.

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

3.2 Material accounting policy information (Continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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.

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 two warehouses 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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)

Right-of-use assets

The cost of right-of-use assets 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.

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.

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

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.

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 assets. 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 Long Service Payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("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.

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

3.2 Material accounting policy information (Continued)

Employee benefit (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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.

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.

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

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

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 achieved by both collecting contractual cash flows and selling the financial assets; 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 cash and cash equivalents) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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.

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\$15,231,000 (2023: HK\$43,398,000). During the year ended 31 December 2024, write-down of inventories of HK\$406,000 (2023: HK\$165,000) was recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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:

	2024 HK\$000	2023 HK\$000
Customer A	N/A ¹	409,375
Customer B	269,716	351,638
Customer C	279,479	339,158
Customer D	188,280	N/A ¹

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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; or (iii) the goods has been transferred to the customer, being at the point the customer purchases the goods at the retail stores.

For wholesales, 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.

For sales of mobile phones and related products to retail customers, revenue is recognised when control of the goods has been transferred to the customer, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The expected timing of recognising revenue on transaction price related to the performance obligations as at 31 December 2024 and 2023 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

	2024 HK\$000	2023 HK\$000
Dividend income	583	466
Interest income from bank deposits	1,999	332
Others	273	73
	2,855	871

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OTHER LOSSES, NET

	2024 HK\$000	2023 HK\$000
Exchange loss, net	285	723
Impairment losses under ECL model, net of reversal	105	136
	390	859

9. FINANCE COSTS

	2024 HK\$000	2023 HK\$000
Interest on bank loans	44	–
Interest on loans with a related party	–	89
Interest on lease liabilities	440	105
	484	194

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2024 HK\$000	2023 HK\$000
Auditor's remuneration	907	862
Directors' remuneration		
— Fees	1,081	1,050
— Salaries and other emoluments	5,003	4,915
— Contribution to retirement benefit scheme	36	36
	6,120	6,001
Other staff costs		
— Salaries and other emoluments	21,646	18,173
— Contribution to retirement benefit scheme	715	644
Total staff costs	28,481	24,818
Cost of inventories recognised as an expense (including write-down of inventories HK\$406,000 (2023: HK\$165,000))	1,663,214	1,888,015
Depreciation of property, plant and equipment	742	781
Depreciation on right-of-use assets	3,035	2,402

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INCOME TAX EXPENSE

	2024 HK\$000	2023 HK\$000
Hong Kong:		
Current year	1,631	1,908
Underprovision in prior year	25	89
	1,656	1,997

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:

	2024 HK\$000	2023 HK\$000
Profit before tax	11,473	11,007
Tax at applicable statutory tax rate of 16.5%	1,893	1,816
Income tax at concessionary rate	(165)	(165)
Tax effect of income not taxable for tax purpose	(426)	(132)
Tax effect of tax losses not recognised	208	341
Underprovision in prior year	25	89
Others	121	48
Income tax expense for the year	1,656	1,997

At the end of reporting period, the Group has unutilised and unrecognised tax losses of approximately HK\$19,686,000 (2023: HK\$18,423,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

(a) Directors' emoluments

For the year ended 31 December 2024

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	2,191	310	18	2,639
Lim Kiah Meng	(a)	120	1,700	348	–	2,168
Wong Yi Ting	(a)	120	403	51	18	592
Lim Kia Hong	(b) (e)	111	–	–	–	111
Lim Hwee Hai	(b)	150	–	–	–	150
Lim Ee Ray	(b) (d)	30	–	–	–	30
Lim Yi Alex	(b) (d)	30	–	–	–	30
Chu Chung Yi	(c)	120	–	–	–	120
Doe Julianne Pearl	(c) (f)	90	–	–	–	90
Cheng Tak Chung	(c)	120	–	–	–	120
Ma Shiu Sun Michael	(c) (d)	70	–	–	–	70
		1,081	4,294	709	36	6,120

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

(a) Directors' emoluments (Continued)

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) (g)	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 October 2024
- (e) Decreased on 12 August 2024
- (f) Resigned with effect from 30 September 2024
- (g) Appointed with effect from 1 January 2023

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

(a) Directors' emoluments (Continued)

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 2024 and 2023.

(b) Five highest paid individuals

The five highest paid individuals included two (2023: two) directors of the Company whose emolument are included in the disclosure above. The emoluments of the remaining three (2023: three) individual for the years ended 31 December 2024 and 2023 are as follows:

	2024 HK\$000	2023 HK\$000
Salaries and other benefits	3,471	3,086
Performance bonuses (Note)	283	195
Contributions to retirement benefit scheme	54	53
	3,808	3,334

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:

	2024	2023
Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$1,500,000	2	–
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\$9,817,000 (2023: HK\$9,010,000) and the number of ordinary shares of 280,000,000 (2023: 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 during the year ended 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. DIVIDEND

	2024 HK\$'000	2023 HK\$'000
Dividend recognised as distribution during the year:		
2023 Final — HK1.5 cents (2023: HK2 cents) per share	4,200	5,600

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 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 2023	239	433	3,491	4,163
Additions	43	95	–	138
Disposals	–	(11)	–	(11)
At 31 December 2023	282	517	3,491	4,290
Additions	58	109	–	167
Disposals	–	(11)	–	(11)
At 31 December 2024	340	615	3,491	4,446
DEPRECIATION				
At 1 January 2023	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
Provided for the year	53	77	612	742
Eliminated on disposals	–	(11)	–	(11)
At 31 December 2024	249	436	3,479	4,164
CARRYING VALUES				
At 31 December 2024	91	179	12	282
At 31 December 2023	86	147	624	857

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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	
	2024 HK\$000	2023 HK\$000
As at 1 January		
Carrying amount	6,324	1,827
As at 31 December		
Carrying amount	9,902	6,324
For the year ended 31 December		
Depreciation charge	3,035	2,402
Expense relating to short-term leases	467	323
Total cash outflow for leases	3,447	2,831
Additions to right-of-use assets	6,613	6,899

The Group has a lease contract of office, warehouse and retails stores and two short-term lease contract of warehouse and one short-term lease retails stores for its operation. Lease contracts are entered into for fixed term for fixed payment ranging from 6 months to 36 months (2023: 12 months to 36 months). 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 and retail stores. As at 31 December 2024 and 2023, 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 2024, lease liabilities of HK\$10,447,000 (2023: HK\$6,374,000) are recognised with related right-of-use assets of HK\$9,902,000 (2023: HK\$6,324,000). 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. EQUITY INSTRUMENTS AT FVTOCI

	2024 HK\$000	2023 HK\$000
Listed investments:		
— Equity securities listed overseas	5,478	4,270
— Equity securities listed in Hong Kong	8,639	7,800
Total	14,117	12,070

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

	2024 HK\$000	2023 HK\$000
Finished goods	15,231	43,398

During the year, write-down of obsolete and slow moving inventories of HK\$406,000 (2023: HK\$165,000) has been recognised in the profit or loss.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$000	2023 HK\$000
Trade receivables	25,761	26,366
Less: Allowance for credit losses	(343)	(238)
	25,418	26,128
Other receivables	17,660	17,139
Rental deposits	1,153	472
Trade deposits for mobile products	16,568	10,107
Prepayments	22,970	2,955
	58,351	30,673
	83,769	56,801

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

	2024 HK\$000	2023 HK\$000
Analysed as:		
Non-current assets	1,099	418
Current assets	82,670	56,383
	83,769	56,801

Other receivables that are denominated in United States Dollar ("US\$"), currency other than the functional currency of the Group amounted to HK\$6,831,000 (2023: HK\$62,000).

At 1 January 2023, trade receivables from contracts with customers amounted to HK\$18,793,000.

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:

	2024 HK\$000	2023 HK\$000
Within 30 days	19,254	16,892
31–60 days	3,596	7,040
61–90 days	2,568	1,875
Over 90 days	–	321
Total	25,418	26,128

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$7,545,000 (2023: HK\$8,577,000) which are past due as at the reporting date. Out of the past due balances, none of these trade receivables (2023: HK\$293,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short term time deposits and bank balances carry interest at market rates ranging from 0.001% to 5.11% (2023: 0.001% to 5.010%) 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\$8,373,000 (2023: HK\$5,464,000).

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 HK\$000	2023 HK\$000
Trade payables	11,785	46,639
Accrued staff costs	6,462	6,011
Trade deposits from mobile products	984	2,454
Accruals and other payables	3,896	7,142
	23,127	62,246

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\$7,225,000 (2023: HK\$7,243,000).

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

	2024 HK\$000	2023 HK\$000
Within 30 days	5,806	40,448
31 to 90 days	7	41
91 to 120 days	2	148
Over 120 days	5,970	6,002
	11,785	46,639

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22. CONTRACT LIABILITIES

	2024 HK\$000	2023 HK\$000
Contract liabilities		
Sales of mobiles phones and related products	101	126

As at 1 January 2023, contract liabilities amounted to HK\$197,000.

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	
	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	126	197

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

	2024 HK\$000	2023 HK\$000
Lease liabilities payable:		
— Within one year	4,388	2,183
— Within a period of more than one year but not exceeding two years	4,246	4,191
— Within a period of more than two years but not exceeding five years	1,813	—
	10,447	6,374
Less: Amount due for settlement within 12 months shown under current liabilities	(4,388)	(2,183)
Amount due for settlement after 12 months shown under non-current liabilities	6,059	4,191

The weighted average incremental borrowing rate applied to lease liabilities was 5.7% (2023: 6.2%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised		
At 1 January 2023, 31 December 2023 and 2024	500,000,000	50,000
Issued and fully paid		
At 1 January 2023, 31 December 2023 and 2024	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.

All share option lapsed on 30 June 2023 and no new share option was granted. The scheme expired on 15 December 2024 and no new scheme has been adopted.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 2023 and 2024 are as follows:

	Outstanding number of share options
At 1 January 2023:	
Grantee	
Directors	6,390,000
Employees and others	1,200,000
	<hr/>
	7,590,000
Less: Lapsed during the year ended 31 December 2023	(7,590,000)
At 31 December 2023 and 2024:	<hr/> <hr/>
	–

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\$751,000 (2023: HK\$680,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2024, contributions of HK\$113,000 (2023: HK\$110,000) due in respect of the year ended 31 December 2024 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Amortised cost	141,794	164,344
Equity instruments at FVTOCI	14,117	12,070
Financial liabilities		
Amortised cost	14,974	54,168

b. Financial risk management objective and policies

The Group's major financial instruments include trade and other receivables, rental deposits, 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

28. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objective and policies (Continued)

Foreign exchange risk (Continued)

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:

	2024 HK\$'000	2023 HK\$'000
Assets	21,189	5,526
Liabilities	7,225	7,243

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% (2023: 10%) higher/lower, the Group's equity instruments at FVTOCI and investment reserve would increase/decrease by HK\$1,412,000 (2023: HK\$1,207,000).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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	12mECL
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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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	
					2024 HK\$'000	2023 HK\$'000
Trade receivables	a	N/A	Low risk	Lifetime ECL — not credit impaired	18,411	19,974
			Watch list	Lifetime ECL — not credit impaired	7,171	6,073
			Doubtful	Lifetime ECL — not credit impaired	–	302
			Loss	Lifetime ECL — credit impaired	179	17
Other receivables	b	N/A	Low risk	12m ECL	17,660	17,139
Deposits paid	c	N/A	Low risk	12m ECL	17,720	10,579
Cash and cash equivalents	d	A to AA–	Low risk	12m ECL	80,987	110,496

Notes:

- 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.
- Other receivables amounted to HK\$17,660,000 (2023: HK\$17,139,000) 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.
- For deposits paid, majority amounts of HK\$10,000,000 (2023: HK\$10,000,000) are due from counterparties which have a low risk of default since no default histories of the counterparties.
- For cash and cash equivalents, the ECL is assessed by reference to probability of default, loss given default by credit rating grades published by international credit rating agencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 2023	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
Reversal of impairment loss	(221)	–	(221)
Impairment loss	164	179	343
Write-offs	–	(17)	(17)
As at 31 December 2024	164	179	343

Based on the ECL assessment, credit loss allowances of HK\$92,000, HK\$72,000, Nil and HK\$179,000 (2023: HK\$100,000, HK\$61,000, HK\$60,000 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% (2023: 0.5%), 1% (2023: 1%), 20% (2023: 20%) and 100% (2023: 100%) respectively. No credit loss allowance was made for deposits paid, other receivables and bank balances since the ECL amount is not significant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 2024						
Financial liabilities						
Trade and other payables	-	14,974	-	-	14,974	14,974
Lease liabilities	5.7	4,857	4,417	1,816	11,090	10,447
		<u>19,831</u>	<u>4,417</u>	<u>1,816</u>	<u>26,064</u>	<u>25,421</u>

	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
		<u>56,675</u>	<u>2,507</u>	<u>1,880</u>	<u>61,062</u>	<u>60,542</u>

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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 2024

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

14,117

At 31 December 2023

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

12,070

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 (2023: HK\$12,000) during the year.
- (ii) During the years ended 31 December 2024 and 2023, the Group has a lease contract of office and warehouse and one short-term lease contract of warehouse with a fellow subsidiary. The relevant lease liabilities amounted to HK\$4,191,000 (2023: HK\$6,374,000) and interest on lease liabilities amounted to HK\$325,000 for the year ended 31 December 2024 (2023: HK\$105,000) under the lease contract of office and warehouse. The amount of rent payable by the Group under the short-term lease is HK\$468,000 (2023: HK\$323,000) 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 from a related company at interest rate 5.5% 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 were fully repaid during the year ended 31 December 2023. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 2023	–	–	–	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
Cash outflow:					
Financing cash flows	(4,200)	–	(44)	(2,980)	(7,224)
Dividend recognised as distribution	4,200	–	–	–	4,200
New leases entered	–	–	–	6,613	6,613
Interest expense	–	–	44	440	484
At 31 December 2024	–	–	–	10,447	10,447

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. FINANCIAL POSITION OF THE COMPANY

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

	2024 HK\$'000	2023 HK\$'000
Non-current Assets		
Investments in unlisted subsidiaries	102,000	102,000
Equity instruments at FVTOCI	14,117	12,070
	116,117	114,070
Current Assets		
Other receivables and prepayments	298	252
Amount due from a subsidiary	33,942	34,590
Cash and cash equivalents	3,140	2,938
	37,380	37,780
Current Liability		
Other payables and accruals	1,492	1,478
Net Current Assets	35,888	36,302
Net Assets	152,005	150,372
Capital and Reserves		
Share capital	28,000	28,000
Share premium	2,522	2,522
Other reserves (Note)	121,483	119,850
Total Equity	152,005	150,372

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	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
Profit for the year	–	–	–	3,786	3,786
Fair value gain on investments in equity instruments at FVTOCI	–	–	2,047	–	2,047
Profit and total comprehensive income for the year	–	–	2,047	3,786	5,833
Dividend recognised as distribution	–	–	–	(4,200)	(4,200)
At 31 December 2024	101,999	–	(1,459)	20,943	121,483

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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
			2024 %	2023 %	
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
W-Data Technologies Limited	British Virgin Islands	US\$1	100	100	Retail sales 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				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue	1,166,222	2,275,455	1,837,386	1,935,876	1,717,242
Profit before taxation	11,318	40,135	24,408	11,007	11,473
Income tax expense	(488)	(6,849)	(2,956)	(1,997)	(1,656)
Profit for the year	10,830	33,286	21,452	9,010	9,817
Attributable to Owners of the Company	10,830	33,286	21,452	9,010	9,817

ASSETS AND LIABILITIES

	At 31 December				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	165,388	195,165	205,975	232,062	204,655
Total liabilities	(60,722)	(57,790)	(47,412)	(68,746)	(33,675)
Net assets	104,666	137,375	158,563	163,316	170,980
Attributable to Owners of the Company	104,666	137,375	158,563	163,316	170,980