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## SiS INTERNATIONAL HOLDINGS LIMITED

### 新龍國際集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The directors (the “Directors”) of SiS International Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 together with comparative figures for the corresponding year in 2013 which are set out as follow:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

		2014 HK\$'000	2013 HK\$'000
	Notes		
Revenue	3	<b>1,716,868</b>	1,643,902
Cost of sales		<b>(1,564,911)</b>	(1,507,160)
Gross profit		<b>151,957</b>	136,742
Other income		<b>21,955</b>	17,355
Other gains and losses	4	<b>(3,056)</b>	(33,728)
Distribution costs		<b>(34,183)</b>	(28,346)
Administrative expenses		<b>(81,423)</b>	(68,100)
Gain from changes in fair value of investment properties		<b>159,440</b>	223,111
Share of results of associates		<b>20,808</b>	34,232
Share of results of joint ventures		<b>(153)</b>	(7,661)
Listing expense		<b>(31,415)</b>	-
Finance costs		<b>(18,327)</b>	(7,371)
Profit before taxation		<b>185,603</b>	266,234
Income tax expense	5	<b>(9,736)</b>	(11,146)
<b>Profit for the year</b>	6	<b>175,867</b>	255,088
Profit for the year attributable to:			
Owners of the Company		<b>176,174</b>	254,368
Non-controlling interests		<b>(307)</b>	720
		<b>175,867</b>	255,088

\* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**

For the year ended 31 December 2014

	Notes	2014	2013
EARNINGS PER SHARE	8	<i>HK Cents</i>	<i>HK Cents</i>
- Basic		<u>63.6</u>	<u>91.8</u>
- Diluted		<u>63.5</u>	<u>91.7</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>175,867</u>	<u>255,088</u>
Other comprehensive income (expense):		
<b>Items that may be reclassified to profit or loss</b>		
Gain from changes in fair value of available-for-sale investments	12,585	4,095
Exchange realignment arising on translation of foreign operations	(36,850)	(4,197)
Exchange realignment arising on translation of associates and joint ventures	<u>338</u>	<u>(13,510)</u>
Other comprehensive expense for the year	<u>(23,927)</u>	<u>(13,612)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	152,772	238,888
Non-controlling interests	<u>(832)</u>	<u>2,588</u>
	<u>151,940</u>	<u>241,476</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2014**

		<u>31.12.2014</u>	<u>31.12.2013</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
	Notes		
<b>Non-current assets</b>			
Investment properties		2,015,865	1,845,752
Property, plant and equipment		191,012	68,077
Goodwill		11,509	11,509
Intangible assets		45,568	47,836
Interests in associates		166,067	152,838
Interests in joint ventures		-	-
Available-for-sale investments		<u>136,640</u>	<u>99,214</u>
		<u>2,566,661</u>	<u>2,225,226</u>
<b>Current assets</b>			
Inventories		74,880	131,427
Trade and other receivables, deposits and prepayments	9	126,741	173,343
Amount due from a joint venture		8,741	-
Derivative financial instruments		13,254	7,690
Tax recoverable		3,157	71
Investments held-for-trading		11,248	11,097
Pledged deposits		493,522	444,035
Bank balances and cash		<u>327,583</u>	<u>341,746</u>
		<u>1,059,126</u>	<u>1,109,409</u>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	10	152,242	140,126
Tax payable		18,072	23,723
Bank loans		437,850	447,269
Bank overdrafts		<u>39,084</u>	<u>32,590</u>
		<u>647,248</u>	<u>643,708</u>
<b>Net current assets</b>		<u>411,878</u>	<u>465,701</u>
<b>Total assets less current liabilities</b>		<u>2,978,539</u>	<u>2,690,927</u>
<b>Non-current liabilities</b>			
Bank loans		312,853	209,802
Bonds		106,167	72,815
Deferred tax liabilities		21,011	14,740
Rental deposits		<u>87,268</u>	<u>72,198</u>
		<u>527,299</u>	<u>369,555</u>
<b>Net assets</b>		<u>2,451,240</u>	<u>2,321,372</u>
<b>Capital and reserves</b>			
Share capital		27,709	27,703
Share premium		71,488	71,367
Reserves		8,717	32,151
Retained profits		<u>2,268,044</u>	<u>2,114,037</u>
<b>Equity attributable to owners of the Company</b>		<u>2,375,958</u>	<u>2,245,258</u>
Non-controlling interests		<u>75,282</u>	<u>76,114</u>
<b>Total equity</b>		<u>2,451,240</u>	<u>2,321,372</u>

*Notes:*

**1. GENERAL**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.32).

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

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

The Group has applied all the amendments to HKFRSs and an interpretation issued by the HKICPA, which are effective for the Group's financial period beginning on 1 January 2014.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>6</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>5</sup>

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

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2014  
<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018  
<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions  
<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016  
<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017  
<sup>6</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

The directors of the Company are in the process of assessing the impact on the application of HKFRS 9 and HKFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect until the directors of the Company have performed a detailed review.

Except as described above, the directors of the Company do not anticipate that the application of the other new and revised HKFRSs and amendments will have a material impact on the results and/or the financial position of the Group.

## 3. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the distribution of certain brands of mobile and IT products and property investment. No operating segments identified by the chief decision makers have been aggregated in arriving at the reportable segments of the Group. Segment liabilities have not been presented as these are not reportable to the chief operating decision makers.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the year:

	<b>For the year ended 31 December 2014</b>		
	<b>Distribution of mobile and IT products</b>	<b>Property investment</b>	<b>Consolidated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue			
External sales	<b>1,532,357</b>	<b>184,511</b>	<b>1,716,868</b>
Segment profit	<b>9,202</b>	<b>237,156</b>	<b>246,358</b>
Loss from changes in fair value of investments held-for-trading			(178)
Income from investments held-for-trading and available-for-sale investments			12,244
Share of results of associates			20,808
Share of results of joint ventures			(153)
Listing expense			(31,415)
Finance costs			(18,327)
Other unallocated income			4,917
Unallocated corporate expenses			(48,651)
Profit before taxation			<b>185,603</b>

### 3. SEGMENT INFORMATION *(Continued)*

#### Segment revenue and results *(Continued)*

	For the year ended 31 December 2013		
	Distribution of mobile and IT products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue			
External sales	1,505,565	138,337	1,643,902
Segment profit	64,032	260,103	324,135
Loss from changes in fair value of investments held-for-trading			(111)
Income from investments held-for-trading and available-for-sale investments			2,464
Loss on deemed disposal of associates			(10,130)
Share of results of associates			34,232
Share of result of joint venture			(7,661)
Finance costs			(7,371)
Other unallocated income			4,975
Unallocated corporate expenses			(74,299)
Profit before taxation			266,234

Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, share of results of associates and joint ventures, loss on deemed disposal of associates, investment income, listing expense and finance costs.

### 4. OTHER GAINS AND LOSSES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss from changes in fair value of investments held-for- trading	(178)	(111)
Exchange loss, net	(19,789)	(31,174)
Gain from changes in fair value of derivative financial instruments	17,472	7,718
Loss on disposal of available-for-sale investments	(947)	-
Gain (loss) on disposal of property, plant and equipment	386	(31)
Loss on deemed disposal of associates	-	(10,130)
	<u>(3,056)</u>	<u>(33,728)</u>

## 5. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
Hong Kong	2,255	3,338
Overseas	405	1,934
	<u>2,660</u>	<u>5,272</u>
Under (over)provision in prior years		
Hong Kong	203	(215)
Overseas	67	(8,995)
	<u>2,930</u>	<u>(3,938)</u>
Deferred taxation	<u>6,806</u>	<u>15,084</u>
	<u><b>9,736</b></u>	<u><b>11,146</b></u>

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

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 6. PROFIT FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Allowance for doubtful debts	92	648
Amortisation of intangible assets	5,532	4,332
Cost of inventories recognised as an expense (note)	1,459,850	1,405,768
Depreciation of property, plant and equipment	6,622	5,625
Interest on bank loans, overdrafts and bonds		
- Wholly repayable within 5 years	10,227	6,092
- Not wholly repayable within 5 years	8,100	1,279
and after crediting:		
Interest on bank deposits	4,917	4,975
Dividend income from investments held-for-trading	660	634
Dividend income from available-for-sale investments	12,531	1,830
Reversal of overprovision for tax related expenses	<u>-</u>	<u>7,444</u>

Note:

Cost of inventories includes reversal of allowance for inventories of HK\$713,000 (2013: allowance for inventories of HK\$351,000).

## 7. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2013 of 5.0 HK cents per share (2013: 5.0 HK cents per share in respect of the year ended 31 December 2012)	13,854	13,852
Special dividend, paid in respect of the year ended 31 December 2013 of 3.0 HK cents per share (2013: 3.0 HK cents per share in respect of the year ended 31 December 2012)	<u>8,313</u>	<u>8,311</u>
	<u><b>22,167</b></u>	<u><b>22,163</b></u>

A final dividend of 5.0 HK cents per share amounting to HK\$13,868,000 for the year ended 31 December 2014 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

## 8. EARNINGS PER SHARE

The calculation of both basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK\$176,174,000 (2013: HK\$254,368,000) and the weighted average number of ordinary shares calculated below.

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,062,403	277,033,332
Effect of dilutive potential ordinary share: Share options issued by the Company	<u>416,249</u>	<u>402,184</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>277,478,652</b></u>	<u><b>277,435,516</b></u>

The effect of dilutive potential ordinary shares of an associate is considered to be insignificant.



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

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$69,944,000 (2013: HK\$91,203,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	<b>21,387</b>	47,050
31 to 90 days	<b>19,161</b>	28,340
91 to 120 days	<b>1,805</b>	1,152
Over 120 days	<b>27,591</b>	14,661
	<hr/>	<hr/>
Trade receivables	<b>69,944</b>	91,203
	<hr/> <hr/>	<hr/> <hr/>

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 days to its trade customers. For sales of electronic devices to banks, sales in Bangladesh are on instalment basis. No credit period is granted to customers for renting of properties and related company. Rental is payable in advance on presentation of demand note. No interest is charged on overdue debts.

## 10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$52,771,000 (2013: HK\$67,080,000). The following is an aged analysis of the trade payables, based on the invoice date, at the end of the reporting period.

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	<b>34,532</b>	63,015
31 to 90 days	<b>15,380</b>	3,921
91 to 120 days	<b>127</b>	144
Over 120 days	<b>2,732</b>	-
	<hr/>	<hr/>
Trade payables	<b>52,771</b>	67,080
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchase of goods is 30 to 60 days. The Group has policies in place to ensure that all payables are paid within the credit time frame.

## **11. EVENT AFTER THE END OF REPORTING PERIOD**

- i) During the year, certain subsidiaries underwent corporate reorganisation in preparation for listing of the shares of a subsidiary, SiS Mobile Holdings Limited (“SiS Mobile”). The corporate reorganisation involved the transfers of certain wholly-owned subsidiaries of the Company to SiS Mobile by subscription of 9,999 ordinary shares of SiS Mobile at a price of HK\$0.1 per share.

Subsequent to the end of the reporting period and simultaneous with the listing of the shares of SiS Mobile on the Stock Exchange of Hong Kong Limited on 15 January 2015,

- (a) an amount of HK\$23,519,000 was capitalised by the issuance of 235,190,000 ordinary shares of HK\$0.1 each from SiS Mobile to the Company and 88,668,443 ordinary shares of SiS Mobile of HK\$0.1 each were declared by the Company as a special dividend by way of distribution in specie to the Company’s qualifying shareholders; and
- (b) 44,800,000 ordinary shares of HK\$0.1 each were issued by SiS Mobile at HK\$0.82 per share to the public for a total gross proceeds of HK\$36,736,000.

The reduction of the Company’s equity interest in SiS Mobile and the related non-controlling interest will be recognised directly in reserve in the consolidated financial statements for the year ending 31 December 2015 in accordance with HKFRS 10.

- ii) On 11 March 2015, a subsidiary of the Group has entered into a sale and purchase agreement with a third party to acquire a trust beneficial interest in the land and building in Tsukiji in Tokyo, Japan for a consideration of JPY1.97 billion (approximately HK\$128 million). The acquisition was completed on 24 March 2015.

## **FINAL DIVIDEND**

To reward loyal shareholders, the directors recommend a final dividend of 5.0 HK cents per share (the “Final Dividend”) payable to shareholders on the register of members on 10 July 2015. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 23 July 2015.

## **CLOSE OF REGISTER OF MEMBERS**

The register of members will be closed on 9 July and 10 July 2015, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2014, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 22/F., Hopewell Centre, 183 Queen’s Road East, Central, Hong Kong, not later than 4:00 p.m. on 8 July 2015.

## **BUSINESS REVIEW**

### **Distribution**

The shift of consumers and corporates towards mobility and mobile devices opened up bigger market opportunities but at the same time created intense competition. The revenues from mobile & IT products distribution and distribution management services increased 2% from HK\$1,506 million to HK\$1,532 million and the segment profits decreased 86% from HK\$64 million to HK\$9 million as compared to previous year.

To create and unleash the value for shareholders, the Group had successfully spun off and listed its subsidiary, SiS Mobile Holdings Limited (stock code: 1362) which is engaged in distribution of mobile phones products on the Main Board of the Stock Exchange of Hong Kong Limited on 15 January 2015.

### **Investment in IT Business**

Amid the uncertain economic and political challenges in Thailand, our associated company, SiS Distribution (Thailand) Public Company Limited continued to perform and contributed HK\$21 million to the Group.

Bangladesh is an emerging country with a vast population that offers much opportunity in electronic & mobile banking payment services as more people adopt the use of mobile and e-commerce. The Group has identified electronic & mobile payment and financial services to grow rapidly as the country progress. With the Group's additional investments into Information Technology Consultants Limited ("ITCL"), the largest provider of payment switch and gateway in the provision of financial services and mobile banking solutions to banks and telcos in Bangladesh, the accounts of ITCL had been consolidated as a subsidiary of the Group. The accumulated investment of HK\$84 million recorded an increase in total revenue from HK\$44,400,000 in 2013 to HK\$61,233,000 in 2014, a 38% revenue increase.

In light of the recent rapid expansion of electronic payment companies like Apple pay, Google pay and Alipay, and their plan of expanding business in developing countries, the Group will continue to allocate resources on the rapidly growing electronic & mobile payment business and seek strategic partners to further expand the business in the area of electronic & mobile payment services.

### **Real Estate Investments Business**

The Group's investment in income-generating properties with long term potential for the capital appreciation has begun to contribute positively to the net results of the Group. In addition to the investment in the iconic Sky Scrapper Rinku Gate Tower Building in Osaka Japan in 2012, and the acquisition of trust beneficial interests in five Toyoko Inn hotel properties located in five major cities in Japan in 2013, the Group completed acquisition of the trust beneficial interests in Dormy Inn Premium hotel located in Otaru in July 2014 and Rich hotel located in Hakodate by end of September 2014.

As a result of the additional acquisition, revenue from the Group's Japan real estate investment portfolio for the year increased from HK\$120 million to HK\$163 million, and operating profit generated was HK\$60 million as compared to HK\$21 million in last year. Total carrying value of the Group's investment properties amounted to HK\$2,016 million as at 31 December 2014.

## **PROSPECT**

The Japanese government is actively developing their tourism industry, introducing a more flexible policy on visa issuing for tourists from China which in turn has resulted in a notable increase in the number of Chinese tourists. The Group believes that the number of tourists travelling to Japan will continue to increase in the future in the face of devaluation of the Japanese Yen and the oncoming of the Olympics 2020 in Japan.

Budget & business hotels businesses in Japan have become sizeable businesses. As the budget & business hotel businesses have reached a significant scale, the Group will seek for opportunities and expand our business in this arena.

Since the founding of SiS in 1983, the Group has established an extensive reseller network representing some of the world's renowned vendors. The Group has been successful in anticipating of the transformation of PCs, software, network and the mobile phone era. With an experienced management team, the Group is cautiously moving ahead with confidence and is currently working and exploring new distribution business in IT and beyond.

## **FINANCIAL REVIEW AND ANALYSIS**

### **Liquidity and Financial Resources**

As at 31 December 2014, the Group had total assets of HK\$3,625,787,000 which were financed by total equity of HK\$2,451,240,000 and total liabilities of HK\$1,174,547,000. The Group had a current ratio of approximately 1.6 compared to that of approximately 1.7 at 31 December 2013.

As at year end 2014 the Group had HK\$821,105,000 (2013: HK\$785,781,000) bank balances and cash of which HK\$493,522,000 (2013: HK\$444,035,000) was pledged to banks to secure bank loans. The Group's working capital requirements were mainly financed by internal resources and bank loans. As at 31 December 2014, the Group had short term loans and bank overdrafts of total HK\$476,934,000 (2013: HK\$479,859,000) and long term loans and bonds of HK\$419,020,000 (2013: HK\$282,617,000). The borrowings were mainly denominated in Japanese Yen, Hong Kong Dollar and Bangladesh Taka and were charged by banks at floating interest rates.

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. At the end of December 2014, the Group had a net cash deficit (bank balances and cash, including pledged deposits less bank loans, bank overdrafts and bonds) of HK\$74,849,000 compared to cash surplus of HK\$23,305,000 as at 31 December 2013.

Gearing ratio, as defined by total bank loans, overdrafts and bonds to total equity as at 31 December 2014 was 37% (2013: 33%).

### **Charges on Group Assets**

At the balance sheet date, the Group's had pledged deposits of HK\$493,522,000 (2013: HK\$444,035,000) and investment properties with carrying value of HK\$1,436,778,000 (2013: HK\$1,293,279,000) were pledged to secure bank loans and general banking facilities granted to the Group and for purchase of investment properties.

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

The number of staff of the Group as at 31 December 2014 was 308 (2013: 302) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$33,621,000 (2013: HK\$31,724,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives and benefits for the employees and therefore increase employees' productivity and contribution to the Group. During the year ended 31 December 2014, share options of 55,555 have been exercised and the closing share price immediate before date of exercise of the share options was HK\$3.11. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

## **Currency Risk Management**

The Group maintains a conservative approach on foreign exchange exposure management by entering into foreign currency forward contracts. There are no significant changes in strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 31 December 2014, the Group had outstanding forward contracts of notional amount HK\$179,400,000 (2013: 78,000,000) which were measured at fair value at the reporting date.

## **Contingent Liabilities**

The Company's corporate guarantees extended to a bank and an ESCO service provider as security for banking facilities and providing ESCO service respectively to the Group amounted to total HK\$168,072,000 (2013: HK\$189,480,000).

## **CORPORATE GOVERNANCE**

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2014, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 11 of the Group's 2013 annual report under the Corporate Governance section, the Company has complied with the code provision under the Code.

## **MODEL CODE**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company.

## **AUDIT COMMITTEES**

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors.

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

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.sisinternational.com.hk](http://www.sisinternational.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2014 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2015.

## **APPRECIATION**

We would like to thank our committed staff for their contributions, our customers, business partners, shareholders and directors for their support in SiS. Our success would not have been possible without their dedication, contributions, efforts, time and confidence.

On behalf of the Board of  
**SiS International Holdings Limited**  
**LIM Kia Hong**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 March 2015

*As at the date of this announcement, the executive directors are Mr. Lim Kia Hong, Mr. Lim Kiah Meng, Mr. Lim Hwee Hai, and Madam Lim Hwee Noi. The independent non-executive directors are Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael.*