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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 2016

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 2016 together with comparative figures for the corresponding year in 2015 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	3	1,128,417	1,145,780
Cost of sales		<u>(950,589)</u>	<u>(975,553)</u>
Gross profit		177,828	170,227
Other income		12,224	14,356
Other gains and losses	4	(28,066)	49,003
Distribution costs		(29,114)	(32,364)
Administrative expenses		(86,846)	(95,187)
Gain from changes in fair value of investment properties		232,057	182,282
Share of results of associates		28,214	18,126
Listing expense		-	(196)
Finance costs		<u>(28,645)</u>	<u>(24,402)</u>
Profit before taxation		277,652	281,845
Income tax expense	5	<u>(24,919)</u>	<u>(42,532)</u>
Profit for the year	6	<u>252,733</u>	<u>239,313</u>
Profit for the year attributable to:			
Owners of the Company		236,209	240,684
Non-controlling interests		<u>16,524</u>	<u>(1,371)</u>
		<u>252,733</u>	<u>239,313</u>

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 December 2016

	Notes	2016 <i>HK Cents</i>	2015 <i>HK Cents</i>
Earnings per share	8		
- Basic		<u>85.1</u>	<u>86.8</u>
- Diluted		<u>85.0</u>	<u>86.7</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>252,733</u>	<u>239,313</u>
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss		
Gain (loss) from changes in fair value of available-for-sale investments	45,569	(26,225)
Exchange realignment arising on translation of foreign operations	10,720	3,119
Exchange realignment arising on translation of associates and joint ventures	<u>(8,308)</u>	<u>(16,837)</u>
Other comprehensive income (expense) for the year	<u>47,981</u>	<u>(39,943)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	287,832	201,158
Non-controlling interests	<u>12,882</u>	<u>(1,788)</u>
	<u>300,714</u>	<u>199,370</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Notes	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Investment properties		3,723,972	2,795,026
Property, plant and equipment		322,611	144,510
Interests in associates		267,185	247,279
Interests in joint ventures		-	-
Available-for-sale investments		158,853	93,821
		<u>4,472,621</u>	<u>3,280,636</u>
Current assets			
Inventories		51,961	86,572
Trade and other receivables, deposits and prepayments	9	145,413	104,660
Amount due from a joint venture		-	2,339
Amounts due from associates		3,312	3,185
Tax recoverable		2,076	393
Investments held-for-trading		13,084	11,913
Pledged deposits		331,948	455,029
Bank balances and cash		644,891	389,916
		<u>1,192,685</u>	<u>1,054,007</u>
Current liabilities			
Trade payables, other payables and accruals	10	141,253	96,737
Derivative financial instruments		-	5,528
Obligations under finance leases		3,876	3,655
Tax payable		16,088	16,560
Bank loans		1,084,362	945,272
Bonds		17,396	-
Rental deposits		18,000	16,393
		<u>1,280,975</u>	<u>1,084,145</u>
Net current liabilities		<u>(88,290)</u>	<u>(30,138)</u>
Total assets less current liabilities		<u>4,384,331</u>	<u>3,250,498</u>
Non-current liabilities			
Bank loans		957,254	343,017
Bonds		256,209	131,543
Obligations under finance leases		31,816	34,669
Deferred tax liabilities		77,843	58,370
Rental deposits		110,423	83,736
		<u>1,433,545</u>	<u>651,335</u>
Net assets		<u>2,950,786</u>	<u>2,599,163</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
 AT 31 DECEMBER 2016

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	27,757	27,747
Share premium	72,533	72,313
Reserves	4,952	(47,933)
Retained profits	<u>2,722,737</u>	<u>2,494,855</u>
Equity attributable to owners of the Company	2,827,979	2,546,982
Non-controlling interests	<u>122,807</u>	<u>52,181</u>
Total equity	<u>2,950,786</u>	<u>2,599,163</u>

Notes:

1. GENERAL

The Group reported net current liabilities of HK\$88,290,000 as at 31 December 2016. The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK\$150,886,000 being reclassified as current liabilities as at 31 December 2016 due to the overriding right of demand clause as stipulated in the facility agreement of the bank borrowings.

The Directors believe that these loan facilities will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of the reporting period. In the opinion of the Directors, the Group has a number of sources of funds available to enable its obligation to be settled on a timely manner. In addition, the Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets which have not been pledged. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

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

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

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

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKFRS 2	Clarification and Measurement of Share-based Payment Transaction ²
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts” ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instruments

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income subject to fulfilment of the designation criteria.

HKFRS 15 Revenue from Contracts with Customers

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK\$40,409,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

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

Amendments of HKAS 7 Disclosure Initiative

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The Directors anticipate that the application of HKAS 7 in the future may result in more disclosures.

Other than those described above, the Directors do not anticipate that the application of the new and amendments to HKFRSs 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 (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on the distribution of certain brands of mobile and IT products, property investment and securities 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:

	For the year ended 31 December 2016			
	Distribution of mobile and IT products	Property investment*	Securities investment	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue				
External sales	911,254	217,163	-	1,128,417
Segment profit	(10,519)	353,151	3,935	346,567
Loss on disposal of subsidiaries				(24)
Gain on liquidation of a joint venture				10,987
Loss from changes in fair value of derivative financial instruments				(40,116)
Share of results of associates				28,214
Finance costs				(28,645)
Other unallocated income				3,454
Unallocated corporate expenses				(42,785)
Profit before taxation				277,652

Segment revenue and results (Continued)

	For the year ended 31 December 2015			
	Distribution of mobile and IT products	Property investment	Securities investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue				
External sales	986,339	159,441	-	1,145,780
Segment profit	2,704	282,752	39,398	324,854
Gain on deemed disposal of a subsidiary				19,494
Share of results of associates				18,126
Loss from changes in fair value of derivative financial instruments				(2,877)
Listing expense				(196)
Finance costs				(24,402)
Other unallocated income				648
Unallocated corporate expenses				(53,802)
Profit before taxation				281,845

Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, share of results of associates, gain on deemed disposal of a subsidiary, loss on disposal of subsidiaries, gain on liquidation of a joint venture, loss from change in fair value of derivative financial instruments, listing expenses and finance costs.

- * During the year, the Group acquired two hotel properties and involved in its operations. However, no new operating segment is identified by the CODM as the hotel operations are not significant to the Group and therefore, the hotel operations are included in property investment segment.

4. OTHER GAINS AND LOSSES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Allowance for doubtful debts	(1,360)	-
Gain on deemed disposal of a subsidiary	-	19,494
Gain on liquidation of a joint venture	10,987	-
Loss on disposal of subsidiaries	(24)	-
(Loss) gain on disposal of property, plant and equipment	(8)	286
Gain on disposal of available-for-sale investments	2,618	37,789
Exchange loss, net	(723)	(5,724)
Gain from changes in fair value of investments held-for-trading	560	35
Loss from changes in fair value of derivative financial instruments	(40,116)	(2,877)
	<u>(28,066)</u>	<u>49,003</u>

5. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax:		
Hong Kong	-	2,045
Overseas:		
Corporate tax	1,241	1,023
Withholding tax on declared dividend income	3,508	1,955
	<u>4,749</u>	<u>5,023</u>
(Over)underprovision in prior years		
Hong Kong	(43)	313
Overseas	60	53
	<u>4,766</u>	<u>5,389</u>
Deferred taxation	<u>20,153</u>	<u>37,143</u>
	<u>24,919</u>	<u>42,532</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.

Corporate Tax in Japan is calculated at 25.5% on the estimated assessable profit for both years. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% and 5% on dividends declared to local investors and foreign investors, respectively, in respect of profit earned by Japanese subsidiaries.

6. PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Allowance on obsolete and slow moving inventories	3,008	508
Amortisation of intangible assets	-	6,035
Cost of inventories recognised as an expense	871,198	919,039
Depreciation of property, plant and equipment	5,093	7,641
Interest on bank loans, overdrafts and bonds	27,393	23,514
Interest on finance leases	<u>1,252</u>	<u>888</u>
and after crediting:		
Dividend income from available-for-sale investments	112	987
Dividend income from investments held-for-trading	645	587
Interest on bank deposits	<u>1,920</u>	<u>2,838</u>

7. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2015 of 3.0 HK cents per share (2015: 5.0 HK cents per share in respect of the year ended 31 December 2014)	<u>8,327</u>	<u>13,873</u>

A final dividend of 3.0 HK cents per share amounting to HK\$8,327,000 for the year ended 31 December 2016 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 the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK\$236,209,000 (2015: HK\$240,684,000) and the weighted average number of ordinary shares calculated below.

	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,516,120	277,410,653
Effect of dilutive potential ordinary share: Share options issued by the Company	<u>251,615</u>	<u>314,988</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>277,767,735</u>	<u>277,725,641</u>

The computation of diluted earnings per share for the year ended 31 December 2015 and 2016 did not assume the exercise of certain share options of the Company and share options of SiS Mobile Holdings Limited ("SiS Mobile") as the exercise prices of those options are higher than the average market prices of the shares of Company and SiS Mobile for the year.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$87,537,000 (2015: HK\$75,307,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	44,548	44,923
31 to 90 days	28,553	23,322
91 to 120 days	3,830	3,793
Over 120 days	10,606	3,269
Trade receivables	87,537	75,307

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 credit period range from 30 to 90 days to its trade customers. No credit period is granted to the customers for renting of properties. Rent is payable on presentation of a 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\$47,432,000 (2015: HK\$21,895,000). The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	31,280	20,402
31 to 90 days	8,534	1,185
91 to 120 days	470	-
Over 120 days	7,148	308
Trade payables	47,432	21,895

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.

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 3.0 HK cents per share (the “Final Dividend”) payable to shareholders on the register of members on 7 July 2017. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 27 July 2017.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 6 July and 7 July 2017, 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 2016, 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 5 July 2017.

BUSINESS REVIEW

Total net profit for the year increased 6% to HK\$253 million while revenue for the year slightly decreased to HK\$1,128 million.

Total assets of the Group increased significantly to HK\$5,665 million after a series of acquisitions of hospitality properties in Japan. Net assets value per share increased from HK\$9.37 to HK\$10.63.

Our unique value proposition as a value builder and value creator continue to take shape in our business segments - Real Estate investment and Investment in Businesses. The Group will continue to build, grow and unlock the value behind our businesses and investments. We believe our strategy is working on the right track.

Real Estate Investments Business

The momentum for our real estate investments continued. Total revenue from Group’s real estate investment portfolio for the year increased 36% to HK\$217 million and generated a segment profit excluding gains from change in fair value of HK\$121 million as compared to the same period last year of HK\$100 million.

During the year, the Group acquired totally seven properties in Japan and two of which are including the hotel operations.

Total consideration for all acquisitions during the year amounted to JPY12,488,948,000 (equivalent to HK\$875,264,000). The total number of properties invested in Japan stood at 17 at end of 2016.

The sizeable portfolio of income generating properties with long term potential for the capital appreciation has contributed positively to the net results of the Group. Coupled with the assets appreciation in Japan and Hong Kong, the carrying value of the Group’s real estate investment portfolio increased from HK\$2,795 million to HK\$3,724 million.

Distribution Business

Sales revenue from distribution of storage, networking and infrastructure products continued on an upward trend. The higher contributions derived from sale of IT products offset the lower sales revenue from mobility products. The total distribution sales revenue decreased slightly from HK\$986 million to HK\$911 million for the year.

The challenging and difficult economic environment, the intensive competition in mobility products, falling demand from tourists coupled with weak demand in retail market in Hong Kong resulted in decrease of revenue. The revenue shortfall was further exacerbated by a recall of our major vendor's flagship mobile phone product during the last quarter 2016. The Group will continue to identify and seek new growth products to add to our stability of products we are currently distributing.

Investment in IT, Securities and other Businesses

Our associated company, SiS Distribution (Thailand) Public Company Limited continued to perform during the year and contributed HK\$23 million to the Group.

In Bangladesh, our associated company Information Technology Consultants Limited ("ITCL") was successfully listed on 10 January 2016, on both Chittagong Stock Exchange and Dhaka Stock Exchange. The dual-listed ITCL is a leading consultant and provider of financial services, payment gateway, ATM, mobile payments & banking solutions in the rapidly evolving area of electronic payments, mobile payment, e-commerce, m-commerce and internet banking. ITCL continues to gain growth and contributed HK\$4.8 million to the Group's earnings during the year.

The Group's Investment Businesses include investment in securities of listed corporations, as well as securities in unlisted companies for mid to long-term period. During the year, the Group disposed of two investments engaged in distribution and medical; the proceeds of which contributed a total profit of HK\$2.6 million. In addition, one of the Group's investment portfolios in IT business listed successfully in US in September 2016.

The Group will continue to explore and seek for investment opportunities to further strengthen its investment portfolio.

PROSPECT

The Directors expect to face a softer and more difficult economic environment in the near terms. Demand for IT and mobility products continue to soften. The Directors anticipate that year 2017 will be beset with much challenges and headwinds due to the uncertain global economy. However the Directors are confident that fundamentals of the Group are strong. With a strong balance sheet, an experienced management team, the Group is well positioned to explore business opportunities, strengthen our position and pursue opportunities for profitable growth during this time.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2016, the Group had total assets of HK\$5,665,306,000 which were financed by total equity of HK\$2,950,786,000 and total liabilities of HK\$2,714,520,000. The Group had a current ratio of approximately 0.93 compared to that of approximately 0.97 at 31 December 2015.

As at year end 2016 the Group had HK\$976,839,000 (2015: HK\$844,945,000) bank deposits balances and cash of which HK\$331,948,000 (2015: HK\$455,029,000) was pledged to banks to secure bank borrowings. The Group's working capital requirements were mainly financed by internal resources, bank loans and bonds. As at 31 December 2016, the Group had short term loans and bonds of total HK\$1,101,758,000 (2015: HK\$945,272,000) and long term loans and bonds of HK\$1,213,463,000 (2015: HK\$474,560,000). The borrowings were mainly denominated in Japanese Yen and Hong Kong Dollar, and were charged by banks at floating interest rates.

At the end of December 2016, the Group had a net cash deficit (total bank loans and bonds, less bank balances and cash and pledged deposits) of HK\$1,338,382,000 (2015: HK\$574,887,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2016 was 78% (2015: 55%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK\$331,948,000 (2015: HK\$455,029,000), investment properties with carrying value of HK\$3,539,810,000 (2015: HK\$2,288,456,000) and property, plant and equipment with carrying value of HK\$177,527,000 (2015: nil) were pledged to banks to secure general banking facilities granted to the Group and for purchase of investment properties and working capital. Certain shares of subsidiaries have been pledged to the banks as at 31 December 2015 and 2016 to secure several banking facilities available to the Group.

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

The number of staff of the Group as at 31 December 2016 was 103 (2015: 94) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK\$43,787,000 (2015: HK\$41,138,000) for the year ended 31 December 2016. 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 2016, share options of 100,000 have been exercised and the weighted average closing share price immediately before dates of exercise of the share options were HK\$3.91. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

FINANCIAL REVIEW AND ANALYSIS *(Continued)*

Environmental, Social and Corporate Responsibility

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

The Group maintains strong relationship with its employees, has enhanced cooperation with its vendors and has provided high quality products and services to its customers and resellers so as to ensure sustainable development. Details of the environmental, social and governance are included in the Environmental, Social and Governance Report which will be included in the 2016 annual report.

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 2016 the Group had no outstanding forward contracts (2015: notional amount HK\$327,600,000 which were measured at fair value at the reporting date).

Contingent Liabilities

The Company's corporate guarantees extended to two banks as security for banking facilities to the Group amounted to total HK\$244,000,000 (2015: HK\$229,000,000).

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2016, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 11 of the Group's 2015 annual report under the Corporate Governance section.

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 COMMITTEE

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2016, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors. The financial figures in this announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's external auditor.

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 2016.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.sisinternational.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2016 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 2017.

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, 16 March 2017

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.