



SiS International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

Interim Report 2017





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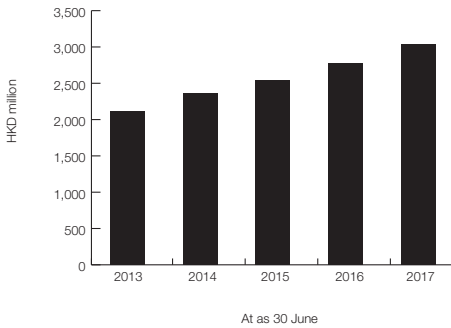
MESSAGE FROM THE CHAIRMAN AND CEO

Dear Shareholders,

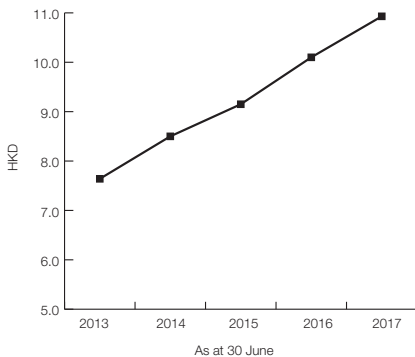
I am pleased to present the results of the Group for the six months ended 30 June 2017. The net profit for the Group increased 33% to HK\$63 million while revenue decreased to HK\$454 million for the interim period 2017 as compared to same period of 2016.

Total assets of the Group increased to HK\$5,768 million. Net assets value per share increased from HK\$10.63 to HK\$10.93.

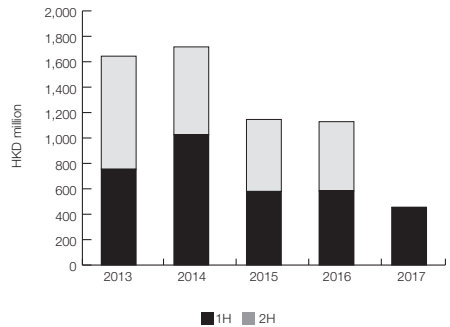
Shareholders' equity



Net assets value per share



Revenue





MESSAGE FROM THE CHAIRMAN AND CEO (cont'd)

BUSINESS REVIEW

Real Estate Investments Business

We have a sizeable portfolio of income generating properties with long term potential for the capital appreciation and this has contributed positively to the net results of the Group. With the acquisition of several hospitality properties at the end of year 2016, the total revenue from Group's real estate investment portfolio for the interim 2017 period increased 24% to HK\$122 million and generated a segment profit (excluding gains from change in fair value) of HK\$65 million as compared to HK\$52 million the same period of last year. The total asset appreciation of the Group's real estate investment resulted in the increase of the Group's carrying value from HK\$3,724 million to HK\$3,859 million.

Distribution Business

While the sales revenue from distribution of enterprise product, storage, networking and infrastructure products has increased, sales revenue for mobile & mobility products decreased. Distribution sales revenues decreased from HK\$485 million to HK\$332 million for the interim period 2017. Segment loss from the business was reduced from HK\$10 million to HK\$6 million from the same period of last year.

The Group will continue to identify and seek new growth products for distribution in order to further strengthen its products portfolio.

Investment in IT, Securities and Other Businesses

Our associate company, SiS Distribution (Thailand) Public Company Limited, performed well during the interim period 2017 and contributed HK\$15 million to the Group. It is one of the leading distributors of IT products in Thailand. We envisaged that the country's economic climate should improve further.

In Bangladesh, our associate company, Information Technology Consultants Limited ("ITCL"), continues to gain growth and contributed to the Group during the period. 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.

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 interim period 2017, the Group made an impairment loss of HK\$7 million on a fund investment which is investing in several IT related businesses. Nevertheless, we will continue to hold on those promising securities investments to reap its full potential in the future.

MESSAGE FROM THE CHAIRMAN AND CEO (cont'd)

PROSPECT

The outlook for the year remains challenging in the face of global uncertainties. Demand for IT and mobility products continue to soften as consumers move towards lower priced products. However, the fast technological advancements and innovations and the adoption of disruptive technology offers significant opportunities for growth. With our strong cash position, the Group is well positioned to seize opportunities when they arise.

The directors are cautiously moving ahead with confidence. The Group will continue to expand our product range; focusing on high margin products; improve and enhance operational and increase overall returns to our shareholders.

The Group will also continue to identify and seek for investments opportunities in high growth industries and continue to invest in investment properties that provide good yield to the shareholders earnings in the coming years.

APPRECIATION

We would like to thank our committed staff for their hard work and contributions, as well as our customers, business partners, shareholders and directors for their support. 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, 22 August 2017



The directors (the “Directors”) of SiS International Holdings Limited (the “Company”) are pleased to announce the condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016. The interim financial statements have been reviewed by the Company’s auditor and audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended	
		30 June	30 June
		2017	2016
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	3	454,389	583,551
Cost of sales		(361,293)	(503,689)
Gross profit		93,096	79,862
Other income		3,476	4,165
Other gains and losses	4	4,786	(22,599)
Distribution costs		(13,423)	(15,106)
Administrative expenses		(43,229)	(49,158)
Gain from changes in fair value of investment properties		24,314	60,263
Share of results of associates		16,757	11,835
Finance costs		(16,692)	(12,797)
Profit before tax		69,085	56,465
Income tax expense	5	(6,273)	(9,181)
Profit for the period	6	62,812	47,284
Profit for the period attributable to:			
Owners of the Company		59,222	34,901
Non-controlling interests		3,590	12,383
		62,812	47,284
EARNINGS PER SHARE	7		
– Basic (HK cents)		21.3	12.6
– Diluted (HK cents)		21.3	12.6

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended	
	30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
Profit for the period	<u>62,812</u>	<u>47,284</u>
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Loss on fair value change of available-for-sale investments	(4,763)	(1,349)
Exchange realignment arising on translation of foreign operations	28,158	73,229
Exchange realignment arising on translation of associates	5,349	5,832
Other comprehensive income for the period	<u>28,744</u>	<u>77,712</u>
Total comprehensive income for the period	<u>91,556</u>	<u>124,996</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	86,499	111,291
Non-controlling interests	5,057	13,705
	<u>91,556</u>	<u>124,996</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 JUNE 2017

		30 June	31 December
		2017	2016
	NOTES	HK\$'000	HK\$'000
		(unaudited)	(audited)
<hr/>			
Non-current assets			
Investment properties	9	3,859,235	3,723,972
Property, plant and equipment	9	328,018	322,611
Interests in associates		278,246	267,185
Available-for-sale investments		148,287	158,853
		<hr/> 4,613,786	<hr/> 4,472,621
Current assets			
Inventories		55,596	51,961
Trade and other receivables, deposits and prepayments	10	156,774	145,413
Amounts due from associates		2,667	3,312
Tax recoverable		2,146	2,076
Investments held-for-trading		15,766	13,084
Pledged deposits		333,198	331,948
Bank balances and cash		587,737	644,891
		<hr/> 1,153,884	<hr/> 1,192,685
Current liabilities			
Trade payables, other payables and accruals	11	148,910	141,253
Dividend payable		8,339	–
Obligations under finance leases	12	4,135	3,876
Tax payable		16,143	16,088
Bank loans	13	1,053,117	1,084,362
Bonds		–	17,396
Rental deposits		7,815	18,000
		<hr/> 1,238,459	<hr/> 1,280,975
Net current liabilities		<hr/> (84,575)	<hr/> (88,290)
Total assets less current liabilities		<hr/> 4,529,211	<hr/> 4,384,331

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AT 30 JUNE 2017

		30 June 2017	31 December 2016
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(audited)
<hr/>			
Non-current liabilities			
Bank loans	13	981,779	957,254
Bonds		269,373	256,209
Obligations under finance leases	12	31,360	31,816
Deferred tax liabilities		85,802	77,843
Rental deposits		123,408	110,423
		<hr/> 1,491,722 <hr/>	<hr/> 1,433,545 <hr/>
Net assets		3,037,489	2,950,786
<hr/>			
Capital and reserves			
Share capital	14	27,797	27,757
Share premium		73,400	72,533
Reserves		32,265	4,952
Retained profits		2,773,620	2,722,737
		<hr/> 2,907,082 <hr/>	<hr/> 2,827,979 <hr/>
Equity attributable to owners of the Company		2,907,082	2,827,979
Non-controlling interests		130,407	122,807
		<hr/> 3,037,489 <hr/>	<hr/> 2,950,786 <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital HK\$'000	Share premium HK\$'000	Investments reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Contributed surplus HK\$'000 (note 1)	Share options reserve HK\$'000	Other reserve HK\$'000 (note 2)	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	27,747	72,313	10,504	(46,815)	933	2,860	2,143	(17,558)	2,494,855	2,546,982	52,181	2,599,163
Profit for the period	-	-	-	-	-	-	-	-	34,901	34,901	12,383	47,284
Other comprehensive income (expense) for the period	-	-	(1,349)	77,739	-	-	-	-	-	76,390	1,322	77,712
Total comprehensive income (expense) for the period	-	-	(1,349)	77,739	-	-	-	-	34,901	111,291	13,705	124,996
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-	61,296	61,296
Dividend declared (Note 8)	-	-	-	-	-	-	-	-	(8,327)	(8,327)	-	(8,327)
Issue of shares upon exercise of share options	10	220	-	-	-	-	(58)	-	-	172	-	172
Recognition of equity settled share-based payment	-	-	-	-	-	-	660	-	-	660	1,343	2,003
At 30 June 2016 (unaudited)	<u>27,757</u>	<u>72,533</u>	<u>9,155</u>	<u>30,924</u>	<u>933</u>	<u>2,860</u>	<u>2,745</u>	<u>(17,558)</u>	<u>2,521,429</u>	<u>2,650,778</u>	<u>128,525</u>	<u>2,779,303</u>
At 1 January 2017 (audited)	27,757	72,533	56,073	(40,761)	933	2,860	3,405	(17,558)	2,722,737	2,827,979	122,807	2,950,786
Profit for the period	-	-	-	-	-	-	-	-	59,222	59,222	3,590	62,812
Other comprehensive income (expense) for the period	-	-	(4,763)	32,040	-	-	-	-	-	27,277	1,467	28,744
Total comprehensive income (expense) for the period	-	-	(4,763)	32,040	-	-	-	-	59,222	86,499	5,057	91,556
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-	2,014	2,014
Dividend declared (Note 8)	-	-	-	-	-	-	-	-	(8,339)	(8,339)	-	(8,339)
Issue of shares upon exercise of share options	40	867	-	-	-	-	(219)	-	-	688	-	688
Recognition of equity settled share-based payment	-	-	-	-	-	-	255	-	-	255	529	784
At 30 June 2017 (unaudited)	<u>27,797</u>	<u>73,400</u>	<u>51,310</u>	<u>(8,721)</u>	<u>933</u>	<u>2,860</u>	<u>3,441</u>	<u>(17,558)</u>	<u>2,773,620</u>	<u>2,907,082</u>	<u>130,407</u>	<u>3,037,489</u>

Notes:

- (1) Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition upon the group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in the year 1992.
- (2) Other reserve represents the difference between the fair value of the consideration (net of transaction cost) and the carrying amount of the reduction in the Company's interest in SiS Mobile Holdings Limited ("SiS Mobile"), arising from the listing of SiS Mobile's shares on the Stock Exchange of Hong Kong Limited on 15 January 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	41,687	48,968
Investing activities		
Dividend received from associates	11,179	10,887
Proceeds on disposal of investment properties	25,060	–
Withdrawal of pledged deposits	(1,250)	129,512
Purchase of available-for-sale investments	–	(27,796)
Purchase of investment properties	(18,184)	(464,978)
Purchase of property, plant and equipment	(181)	(1,794)
Other investing cash flows	1,698	(4,607)
Net cash from (used in) investing activities	18,322	(358,776)
Financing activities		
Interest paid	(16,692)	(12,797)
New bank loans raised	28,693	770,419
Repayment of bank loans	(113,704)	(429,145)
Proceeds on issue of shares	688	172
Proceeds from issue of bonds	–	94,030
Contribution from non-controlling interest	2,014	61,296
Repayment of bonds	(18,158)	–
Repayment of finance lease obligations	(2,027)	(2,136)
Net cash (used in) from financing activities	(119,186)	481,839
Net (decrease) increase in cash and cash equivalents	(59,177)	172,031
Cash and cash equivalents at 1 January	644,891	389,916
Effect of foreign exchange rate changes	2,023	29,060
Cash and cash equivalents at 30 June, represented by bank balances and cash	587,737	591,007



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”).

The Group reported net current liabilities of HK\$84,575,000 and have commitments for renovation of properties of HK\$20,648,000 as at 30 June 2017 (31 December 2016: net current liabilities of HK\$88,290,000, and no commitments). The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK\$151,530,000 (31 December 2016: HK\$150,886,000) being reclassified as current liabilities as at 30 June 2017 due to the overriding right of demand clause as stipulated in the facility agreement of the bank borrowings.

The directors of the Company 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 of the Company, the Group has a number of sources of funds available to enable its obligation and commitments to be settled on a timely manner. In addition, the Group will be able to refinance its existing bank 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 condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value.

The accounting policies used in these condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current period, the Group has applied the following amendments to the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of Group’s condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

3. SEGMENT INFORMATION

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

	Distribution of mobile and IT products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2017 (unaudited)				
<i>Segment revenue</i>				
External sales	<u>332,286</u>	<u>122,103</u>	<u>–</u>	<u>454,389</u>
<i>Segment (loss) profit</i>	<u>(5,532)</u>	<u>88,978</u>	<u>(4,710)</u>	<u>78,736</u>
Share of results of associates				16,757
Finance costs				(16,692)
Other unallocated income				10,881
Unallocated corporate expenses				<u>(20,597)</u>
Profit before tax				<u>69,085</u>

**3. SEGMENT INFORMATION (cont'd)**

	Distribution of mobile and IT products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2016 (unaudited)				
<i>Segment revenue</i>				
External sales	<u>484,836</u>	<u>98,715</u>	<u>-</u>	<u>583,551</u>
<i>Segment (loss) profit</i>				
	<u>(10,207)</u>	<u>112,534</u>	<u>4,322</u>	106,649
Share of results of associates				11,835
Finance costs				(12,797)
Change in fair value of derivative financial instruments				(41,633)
Other unallocated income				16,449
Unallocated corporate expenses				<u>(24,038)</u>
Profit before tax				<u>56,465</u>

Segment (loss) profit reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include central administration costs, corporate expenses, share of results of associates and finance costs.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
<hr/>		
Other gains and losses comprises:		
Change in fair value of derivative financial instruments	–	(41,633)
Exchange gain, net	10,001	15,106
Change in fair value of investments held-for-trading	2,222	1,302
Gain on disposal of available-for-sale investments	–	2,614
Impairment losses recognised on available-for-sale investments	(7,318)	–
Loss on disposal of property, plant and equipment	(23)	(11)
Others	(96)	23
	<hr/>	<hr/>
	<u>4,786</u>	<u>(22,599)</u>

**5. INCOME TAX EXPENSE**

	Six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
Hong Kong Profits Tax		
Current period	363	–
Overseas Tax		
Current period	283	132
Overprovision in respect of prior periods	(905)	–
Withholding tax on dividend paid	2,718	1,954
	2,096	2,086
Deferred tax	3,814	7,095
Income tax expense for the period	6,273	9,181

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

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 periods. Pursuant to relevant laws and regulation in Japan, withholding tax is imposed at 20.42% and 5% on dividends paid to local investors and foreign investors respectively in respect of profit earned by Japanese subsidiaries.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
Profit for the period has been arrived at after charging and (crediting):		
(Reversal of allowance) allowance for doubtful debts	(134)	378
(Reversal of allowance) allowance for inventories, net	(2,368)	6,847
Cost of inventories recognised in cost of sales	310,326	488,990
Depreciation of property, plant and equipment	3,976	3,169
Share of tax expense of associates	4,261	1,435
Interest income on bank deposits	(1,446)	(835)
	<u> </u>	<u> </u>

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK\$59,222,000 (six months ended 30 June 2016: HK\$34,901,000) and the weighted average number of ordinary shares calculated below.

	Six months ended	
	30 June	30 June
	2017	2016
	'000 shares	'000 shares
	(unaudited)	(unaudited)
<hr/>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,779	277,468
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	102	138
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>277,881</u>	<u>277,606</u>

The computation of diluted earnings per share for the six months ended 30 June 2017 did not assume the exercise of certain share options of the Company and share options of SiS Mobile as the exercise prices of those options are higher than the average market prices of the Company and SiS Mobile for the periods.



8. DIVIDENDS

		Six months ended	
		30 June	30 June
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
<hr/>			

Final dividend, payable in respect of the year ended 31 December 2016 of 3.0 HK cents per share (2016: 3.0 HK cents per share in respect of the year ended 31 December 2015)

8,339	8,327
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The directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties as at 30 June 2017 were fair valued by the directors with reference to recent transaction prices in the market for similar properties in similar locations and where appropriate by capitalisation of the income net off outgoings and lease payments and provisions for reversionary income potential. The resulting increase in fair value of investment properties of HK\$24,314,000 (six months ended 30 June 2016: HK\$60,263,000) has been recognised directly in profit or loss for the period.

During the period, the Group spent approximately HK\$181,000 (six months ended 30 June 2016: HK\$1,794,000) and HK\$18,184,000 (six months ended 30 June 2016: HK\$464,978,000) on the addition of property, plant and equipment and investment properties respectively.

During the period, the Group disposed of certain investment properties in Hong Kong amounting to HK\$25,060,000 (six months ended 30 June 2016: Nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$68,210,000 (31 December 2016: HK\$87,537,000). The following is an analysis of trade receivables by age, net of allowance for doubtful debts, presented based on the invoice date.

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Within 30 days	40,307	44,548
31 to 90 days	22,440	28,553
91 to 120 days	707	3,830
Over 120 days	4,756	10,606
	<u>68,210</u>	<u>87,537</u>

The Group maintains a defined credit policy. For sale of goods, the Group allows credit period of 30 to 90 days to its trade customers. No credit period is granted to customers for renting of properties. Rent is payable on presentation of a demand note. No interest is charged on overdue debts.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$53,473,000 (31 December 2016: HK\$47,432,000). The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Within 30 days	41,852	31,280
31 to 90 days	4,123	8,534
91 to 120 days	268	470
Over 120 days	7,230	7,148
	<u>53,473</u>	<u>47,432</u>

The average credit period on purchase of goods is 30 to 60 days.

**12. OBLIGATIONS UNDER FINANCE LEASES**

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
<hr/>		

Analysed for reporting purposes as:

Current liabilities	4,135	3,876
Non-current liabilities	31,360	31,816
	35,495	35,692

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.80% to 3.56%.

13. BANK LOANS

During the current interim period, the Group repaid bank loans of HK\$113,704,000 (six months ended 30 June 2016: HK\$429,145,000) and obtained new short-term bank loans amounting to HK\$28,693,000 (six months ended 30 June 2016: HK\$770,419,000).

14. SHARE CAPITAL

	No. of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
<hr/>		
Authorised	<u>350,000,000</u>	<u>35,000</u>
Issued and fully paid		
At 1 January 2016 (audited)	277,466,666	27,747
Exercise of share options	<u>100,000</u>	<u>10</u>
At 31 December 2016 (audited)	277,566,666	27,757
Exercise of share options	400,000	40
At 30 June 2017 (unaudited)	<u>277,966,666</u>	<u>27,797</u>

15. SHARE-BASED PAYMENTS**(a) SHARE OPTIONS SCHEME OF SIS INTERNATIONAL HOLDINGS LIMITED**

A new share option scheme was adopted by the Company on 26 May 2017 (the “New Scheme”), while the old share option scheme adopted by the Company on 21 May 2007 had expired on 20 May 2017 (the “Old Scheme”). The Old Scheme and New scheme are collectively referred as SiS International Share Option Scheme (the “SiS International Share Option Scheme”). Pursuant to the SiS International Share Option Scheme, 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.

The table below discloses movement of the Company’s share options held by the qualified persons:

Grantee	Outstanding at 1 January 2017 (audited)	Exercised during the period	Outstanding at 30 June 2017 (unaudited)
Directors	990,000	–	990,000
Employees and others	1,660,000	(400,000)	1,260,000
	<u>2,650,000</u>	<u>(400,000)</u>	<u>2,250,000</u>

The weighted average closing price of the Company’s shares immediately before the date on which the options were exercised was HK\$4.00.

No options were granted, lapsed or forfeited during the six months period ended 30 June 2017.

**15. SHARE-BASED PAYMENTS (cont'd)****(b) SHARE OPTION SCHEME OF SIS MOBILE HOLDINGS LIMITED (“SIS MOBILE SHARE OPTION SCHEME”)**

Pursuant to the SiS Mobile Share Option Scheme adopted by the SiS Mobile on 16 December 2014, SiS Mobile may grant options to qualified persons, including employees and directors of SiS Mobile, its subsidiaries and its related companies.

Grantee of SiS Mobile	Outstanding at 31 December 2016 (audited) & 30 June 2017 (unaudited)
Directors	6,390,000
Employees	<u>1,500,000</u>
	<u><u>7,890,000</u></u>

No options were granted, exercised, lapsed or forfeited during the six months period ended 30 June 2017.

16. PLEDGE OF ASSETS

At the end of the reporting period,

- (a) The Group's investment properties with carrying values of HK\$3,680,840,000 (31 December 2016: HK\$3,539,810,000) and property, plant and equipment of carrying values of HK\$184,315,000 (31 December 2016: HK\$177,527,000) were charged to secure general banking facilities available to the Group.
- (b) Bank deposits of HK\$333,198,000 (31 December 2016: HK\$331,948,000) were pledged to secure the Group's bank loans.
- (c) Certain shares of subsidiaries have been pledged to the banks as at 30 June 2017 and 31 December 2016 to secure several banking facilities available to the Group.

17. RELATED PARTY TRANSACTIONS

During the period, income from management service received from associates of HK\$1,353,000 (six months ended 30 June 2016: HK\$1,231,000).

Remuneration paid or payable to the directors of the Company who are considered to be the key management personnel for the six months ended 30 June 2017 was HK\$8,438,000 (six months ended 30 June 2016: HK\$12,019,000).

18. COMMITMENTS

During the period, the Group entered into renovation agreement with independent third parties for renovation of hospitality properties in Japan, leased office and warehouse in Hong Kong for the amounts contracted but not provided for of HK\$20,648,000 (31 December 2016: Nil).

19. CONTINGENT LIABILITIES

During the period, an originating notice of application (the “Originating Notice”) filed with the Competition Tribunal of the Hong Kong Special Administrative Region (the “Competition Tribunal”) was served on SiS International Limited, a wholly-owned subsidiary of the Group (“SiS International”), by the legal adviser of the applicant, the Competition Commission (the “Applicant”). According to the Originating Notice, the Applicant alleged that, among other things, SiS International, along with other respondents under the Originating Notice (the “Respondents”), has contravened section 6(1) of the Competition Ordinance (Cap. 619, the laws of Hong Kong) (the “First Conduct Rule”) and the Applicant seeks orders from the Competition Tribunal, amongst other reliefs, for pecuniary penalty to be imposed on the Respondents and declaration that each Respondent has contravened the First Conduct Rule.

The Group is seeking legal advice on the Originating Notice and the appropriate course of action in respect of the abovementioned application, which is currently at fact finding and information gathering stage, the outcome of the application cannot be readily ascertained. The directors are of the opinion that the financial effects, if any, are not likely to be significant to the Group.

**20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS****(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Certain of the Group's 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 Level 1 to 3 based on the degree to which the fair value is observable. These financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair measurement 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 30 June 2017 (unaudited)

	Fair value hierarchy		Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	
Listed securities classified as investments held-for-trading	15,766	–	15,766
Listed securities classified as available-for-sale investments	87,165	–	87,165
Total	<u>102,931</u>	<u>–</u>	<u>102,931</u>

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (cont'd)**(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (cont'd)**

At 31 December 2016 (audited)

	Fair value hierarchy		Total <i>HK\$'000</i>
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	
Listed securities classified as investments held-for-trading	13,084	–	13,084
Listed securities classified as available-for-sale investments	<u>14,767</u>	<u>77,162*</u>	<u>91,929</u>
Total	<u><u>27,851</u></u>	<u><u>77,162</u></u>	<u><u>105,013</u></u>

As at the end of the reporting period, the fair value of listed securities is determined with reference to quoted market bid price from relevant stock exchanges.

* The fair value of the investment in the securities as at 31 December 2016 was measured using the inputs other than quoted price that are observable and hence was classified as Level 2 of the fair value hierarchy. During the current period, the investment in the securities were traded on the Nasdaq Stock Market after 6 months lock-up period from its listing. Therefore, the fair value of the investment in the securities as at 30 June 2017 was determined based on a published price quotation available in the Nasdaq Stock Market and is classified as Level 1 of the fair value hierarchy.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed financial statements approximate to their fair values.



INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2017, the Group had total assets of HK\$5,767,670,000 which were financed by total equity of HK\$3,037,489,000 and total liabilities of HK\$2,730,181,000. The Group had current ratio of approximately 0.93 which is the same as at 31 December 2016.

As at 30 June 2017 the Group had HK\$920,935,000 (31 December 2016: HK\$976,839,000) bank deposits balances and cash of which HK\$333,198,000 (31 December 2016: HK\$331,948,000) were 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 30 June 2017, the Group had short term loans and bonds of total HK\$1,053,117,000 (31 December 2016: HK\$1,101,758,000) and long term loans and bonds of HK\$1,251,152,000 (31 December 2016: HK\$1,213,463,000). The borrowings were mainly denominated in Japanese Yen and Hong Kong Dollars and were charged by banks at floating interest rate.

At the end of June 2017, the Group had net cash deficit (total bank borrowings and bonds less bank balances and cash and pledged deposits) of HK\$1,383,334,000 (31 December 2016: HK\$1,338,382,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 30 June 2017 was 76% (31 December 2016: 78%).

FINANCIAL REVIEW AND ANALYSIS (cont'd)

Charges on Group Assets

As at 30 June 2017, the Group had pledged deposits of HK\$333,198,000 (31 December 2016: HK\$331,948,000) and investment properties with carrying values of HK\$3,680,840,000 (31 December 2016: HK\$3,539,810,000) and property, plant and equipment with carrying value of HK\$184,315,000 (31 December 2016: HK\$177,527,000) 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 30 June 2017 and 31 December 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 30 June 2017 was 95 (30 June 2016: 95) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$21,899,000 (30 June 2016: HK\$22,006,000). 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 six months period ended 30 June 2017, share options of 400,000 have been exercised and the weighted average closing share price immediate before the date of exercise of the share options was HK\$4.00. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

Currency Risk Management

Certain purchase of goods of the Group are dominated in United States Dollar. Certain bank balances are dominated in United States Dollar, Australian Dollar, Singapore Dollar, Japanese Yen and Renminbi, while certain bank borrowings are dominated in Japanese Yen. These currencies are other functional currencies of the relevant group entities. The Group currently does not have comprehensive currency hedging policy. However, the management monitors the currency fluctuation exposure and will consider hedging significant currency risk exposure should the need arise.



FINANCIAL REVIEW AND ANALYSIS (cont'd)

Capital Expenditure

During the period, the Group spent approximately HK\$181,000 (six months ended 30 June 2016: HK\$1,794,000) and HK\$18,184,000 (six months ended 30 June 2016: HK\$464,978,000) on addition of property, plant and equipment and investment properties respectively.

During the period, the Group entered into renovation agreements with independent third parties for the amount contracted but not provided for of HK\$20,648,000. During the six month ended 30 June 2016, the Group had entered into two sales and purchase agreements with two independent third parties to acquire two investments properties in Japan at total consideration of JPY2,165,714,000 (equivalent to HK\$163,945,000). The initial deposits of JPY25,000,000 (equivalent to HK\$1,893,000) had been paid on signing the agreement, while the remaining balances of JPY2,140,714,000 (equivalent to HK\$162,052,000) were paid upon completion of the acquisition after 30 June 2016.

Contingent Liabilities

At 30 June 2017, the Company has HK\$244,000,000 corporate guarantees extended to certain banks as security for banking facilities to the Group (31 December 2016: HK\$229,000,000).

OTHER INFORMATION

Directors' Interests in Shares

At 30 June 2017, 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 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 Director	Personal interests	Family interests	Joint interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kia Hong (Note 4)	6,933,108	504,000	-	178,640,000	186,077,108	66.94%
Lim Kiah Meng (Note 4)	5,403,200	450,000	534,000	178,640,000	185,027,200	66.56%
Lim Hwee Hai (Note 3)	4,493,200	4,751,158	-	-	9,244,358	3.33%
Lim Hwee Noi (Note 3, 4)	4,751,158	4,493,200	-	-	9,244,358	3.33%
Lee Hiok Chuan	250,000	-	-	-	250,000	0.09%
Ong Wui Leng	250,000	-	-	-	250,000	0.09%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) 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 the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.50% and 39.50%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) 4,493,200 shares and 4,751,158 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.
- (4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 304,000 shares on behalf of three beneficiaries aged below 18. Out of these 304,000 shares, 200,000 shares and 104,000 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interest of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

(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.

**OTHER INFORMATION (cont'd)****Directors' Interests in Shares (cont'd)****(iii) Long positions in the shares and underlying shares of a subsidiary of the Company**

Ordinary share of HK\$0.10 each of SiS Mobile Holdings Limited ("SiS Mobile"), which is listed on the Main Board of the HKEx (Stock Code: 1362)

Name of Director	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 SiS Mobile
Lim Kia Hong (Note 5)	1,846,754	161,280	-	203,607,467	205,615,501	73.43%
Lim Kiah Meng (Note 5)	1,729,024	144,000	170,880	203,607,467	205,651,371	73.45%
Lim Hwee Hai (Note 4)	1,065,984	1,145,330	-	-	2,211,314	0.79%
Lim Hwee Noi (Note 4, 5)	1,145,330	1,065,984	-	-	2,211,314	0.79%
Lee Hiok Chuan	64,000	-	-	-	64,000	0.02%
Ong Wui Leng	64,000	-	-	-	64,000	0.02%

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 50.50% 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 SiS Mobile. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.50% and 39.50%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (4) 1,065,984 shares and 1,145,330 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.
- (5) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 97,280 shares on behalf of three beneficiaries aged below 18. 64,000 shares and 33,280 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interests of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

OTHER INFORMATION (cont'd)**Directors' Interests in Shares (cont'd)****(iv) Share options of SiS Mobile, a subsidiary of the Company**

Date of grant	Vesting period	Exercisable period	Exercise price <i>HK\$</i>	Outstanding at 30 June 2017
Directors and their associates:				
Lim Kia Hong				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
Lim Kiah Meng				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
Lim Hwee Hai				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	400,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	400,000
Lim Hwee Noi				
25.06.2015	26.06.2015-31.12.2015	01.01.2016-30.06.2023	2.36	200,000
25.06.2015	26.06.2015-31.12.2016	01.01.2017-30.06.2023	2.36	200,000
25.06.2015	26.06.2015-31.12.2017	01.01.2018-30.06.2023	2.36	200,000
				4,200,000

**OTHER INFORMATION (cont'd)****Directors' Interests in Shares (cont'd)****(v) Long positions in the shares and underlying shares of associated corporations of the Company**

- (a) Ordinary share of Baht 1 each of SiS Distribution (Thailand) Public Company Limited ("SiS THAI"), which is listed in the Stock Exchange of Thailand.

Name of Director	Personal interests	Corporate interests (Note)	Total number	Approximate
			of issued ordinary shares held in SiS THAI	% of issued share capital of SiS THAI
Lim Kia Hong	241,875	165,616,595	165,858,470	47.36%
Lim Hwee Hai	244,687	-	244,687	0.07%

Note:

The Company indirectly holds 165,616,595 ordinary shares of the issued capital of SiS THAI. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 66.94% in the Company, therefore Mr. Lim has deemed corporate interest in SiS THAI under the SFO.

- (b) Ordinary share of 10 Taka each of Information Technology Consultants Ltd. ("ITCL"), which is incorporated in Bangladesh, and is listed in the Dhaka Stock Exchange and The Chittagong Stock Exchange.

Name of Director	Corporate interests (Note)	Approximate %
		of issued share capital of ITCL
Lim Kiah Meng	46,068,298	46.05%

Note:

A related corporation which is jointly owned by Mr. Lim Kiah Meng and his spouse hold 8,452,500 ordinary shares in ITCL, while the Company indirectly holds 37,615,798 ordinary shares. As disclosed in (i) above, Mr. Lim Kiah Meng and his family has total interest of 66.56% in the Company, therefore Mr. Lim has deemed corporate interest of 37,615,798 in ITCL under the SFO.

Other than as disclosed above, none of the directors, nor their associates, had any interests or short position in any shares and underlying shares or debentures of the Company or any of its associated corporations at 30 June 2017.



OTHER INFORMATION (cont'd)

Share Options

For details of the Company's share option scheme, please refer to note 39 to the consolidated financial statement and pages 31 to 33 in the 2016 annual report.

The following table discloses movements in Company's share options during the period:

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2017	Exercised during the period	Outstanding at 30 June 2017
Directors and their associates:						
Lim Kia Hong						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000	–	50,000
Lim Kiah Meng						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000	–	50,000
Lim Hwee Hai						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000	–	50,000
Lim Hwee Noi						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000	–	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000	–	50,000
Lee Hiok Chuan						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	40,000	–	40,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	40,000	–	40,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	40,000	–	40,000



OTHER INFORMATION (cont'd)

Share Options (cont'd)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2017	Exercised during the period	Outstanding at 30 June 2017
Directors and their associates: (cont'd)						
Ong Wui Leng						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	40,000	-	40,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	40,000	-	40,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	40,000	-	40,000
Ma Shiu Sun, Michael						
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	50,000	-	50,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	50,000	-	50,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	50,000	-	50,000
Total directors and their associates				<u>990,000</u>	<u>-</u>	<u>990,000</u>
Employees and other qualified persons:						
20.08.2007	21.08.2007-18.02.2008	18.02.2008-20.05.2017	1.72	133,332	(133,332)	-
20.08.2007	21.08.2007-18.02.2009	18.02.2009-20.05.2017	1.72	133,334	(133,334)	-
20.08.2007	21.08.2007-18.02.2010	18.02.2010-20.05.2017	1.72	133,334	(133,334)	-
26.06.2015	27.06.2015-31.12.2015	01.01.2016-26.06.2025	4.47	420,000	-	420,000
26.06.2015	27.06.2015-31.12.2016	01.01.2017-26.06.2025	4.47	420,000	-	420,000
26.06.2015	27.06.2015-31.12.2017	01.01.2018-26.06.2025	4.47	420,000	-	420,000
Total employees and other qualified persons				<u>1,660,000</u>	<u>(400,000)</u>	<u>1,260,000</u>
Total number of share options				<u><u>2,650,000</u></u>	<u><u>(400,000)</u></u>	<u><u>2,250,000</u></u>

Other than disclosed above, no share options were granted, forfeited or expired during the reporting period.

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK\$4.00.

OTHER INFORMATION (cont'd)**Substantial Shareholders**

As at 30 June 2017, 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 Shareholder	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Other interests (Note 3)	Total number of issued ordinary shares held	Percentage
						of the issued share capital of the Company
Yeo Seng Chong	700,000	1,220,000	12,900,000	-	14,820,000	5.33%
Lim Mee Hwa	1,220,000	700,000	12,900,000	-	14,820,000	5.33%
Yeoman Capital Management Pte. Ltd.	-	-	300,000	12,600,000	12,900,000	4.64%

Notes:

- (1) *Mr. Yeo Seng Chong and Madam Lim Mee Hwa are spouse so they have deemed interest in their spouse's shares under the SFO.*
- (2) *Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 50% direct interest in Yeoman Capital Management Pte. Ltd.*
- (3) *Yeoman Capital Management Pte. Ltd. holds the shares of the Company as an investment manager.*

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 30 June 2017.



OTHER INFORMATION (cont'd)

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 HKEx (the “Listing Rules”) throughout the period ended 30 June 2017, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in pages 10 and 11 of the Group’s 2016 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 condensed consolidated financial statements for the six months ended 30 June 2017, 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 six months period ended 30 June 2017.

On behalf of the Board of

SiS International Holdings Limited

LIM Kia Hong

Chairman and Chief Executive Officer

Hong Kong, 22 August 2017



CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Lim Kia Hong (*Chairman and
Chief Executive Officer*)
Lim Kiah Meng (*Vice-chairman*)
Lim Hwee Hai
Lim Hwee Noi

Independent Non-executive Directors:

Lee Hiok Chuan
Ong Wui Leng
Ma Shiu Sun, Michael

COMPANY SECRETARY

Chiu Lai Chun, Rhoda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

803
Nine Queen's Road Central
Hong Kong
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STOCK CODE

00529

INVESTOR RELATIONS

www.sisinternational.com.hk
enquiry@sis.com.hk

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Cleary Gottlieb Steen & Hamilton (Hong Kong)
Norton Rose Fulbright

PRINCIPAL BANKERS

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
DBS Bank Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
OCBC Bank
Standard Chartered Bank (Hong Kong) Ltd.
Sumitomo Mitsui Banking Corporation
The Tokyo Star Bank, Limited
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong