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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 2015

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	3	1,145,780	1,716,868
Cost of sales		<u>(975,553)</u>	<u>(1,564,911)</u>
Gross profit		170,227	151,957
Other income		14,356	21,955
Other gains and losses	4	49,003	(3,056)
Distribution costs		(32,364)	(34,183)
Administrative expenses		(95,187)	(81,423)
Gain from changes in fair value of investment properties		182,282	159,440
Share of results of associates		18,126	20,808
Share of results of joint ventures		-	(153)
Listing expense		(196)	(31,415)
Finance costs		<u>(24,402)</u>	<u>(18,327)</u>
Profit before taxation		281,845	185,603
Income tax expense	5	<u>(42,532)</u>	<u>(9,736)</u>
Profit for the year	6	<u>239,313</u>	<u>175,867</u>
Profit for the year attributable to:			
Owners of the Company		240,684	176,174
Non-controlling interests		<u>(1,371)</u>	<u>(307)</u>
		<u>239,313</u>	<u>175,867</u>

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the year ended 31 December 2015

	Notes	2015 <i>HK Cents</i>	2014 <i>HK Cents</i>
Earnings per share	8		
- Basic		<u>86.8</u>	<u>63.6</u>
- Diluted		<u>86.7</u>	<u>63.5</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u>239,313</u>	<u>175,867</u>
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss		
(Loss) gain from changes in fair value of available-for-sale investments	(26,225)	12,585
Exchange realignment arising on translation of foreign operations	3,119	(36,850)
Exchange realignment arising on translation of associates and joint ventures	<u>(16,837)</u>	<u>338</u>
Other comprehensive expense for the year	<u>(39,943)</u>	<u>(23,927)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	201,158	152,772
Non-controlling interests	<u>(1,788)</u>	<u>(832)</u>
	<u>199,370</u>	<u>151,940</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Notes	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,795,026	2,015,865
Property, plant and equipment		144,510	191,012
Goodwill		-	11,509
Intangible assets		-	45,568
Interests in associates		247,279	166,067
Interests in joint ventures		-	-
Available-for-sale investments		93,821	136,640
		<u>3,280,636</u>	<u>2,566,661</u>
Current assets			
Inventories		86,572	74,880
Trade and other receivables, deposits and prepayments	9	104,660	126,741
Amount due from a joint venture		2,339	8,741
Amount due from an associate		3,185	-
Derivative financial instruments		-	13,254
Tax recoverable		393	3,157
Investments held-for-trading		11,913	11,248
Pledged deposits		455,029	493,522
Bank balances and cash		389,916	327,583
		<u>1,054,007</u>	<u>1,059,126</u>
Current liabilities			
Trade payables, other payables and accruals	10	106,989	152,242
Derivative financial instruments		5,528	-
Obligations under finance leases		3,655	-
Tax payable		16,560	18,072
Bank loans		945,272	437,850
Bank overdrafts		-	39,084
		<u>1,078,004</u>	<u>647,248</u>
Net current (liabilities) assets		<u>(23,997)</u>	<u>411,878</u>
Total assets less current liabilities		<u>3,256,639</u>	<u>2,978,539</u>
Non-current liabilities			
Bank loans		343,017	312,853
Bonds		131,543	106,167
Obligations under finance leases		34,669	-
Deferred tax liabilities		58,370	21,011
Rental deposits		89,877	87,268
		<u>657,476</u>	<u>527,299</u>
Net assets		<u><u>2,599,163</u></u>	<u><u>2,451,240</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
 AT 31 DECEMBER 2015

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	27,747	27,709
Share premium	72,313	71,488
Reserves	(47,933)	8,717
Retained profits	2,494,855	2,268,044
Equity attributable to owners of the Company	2,546,982	2,375,958
Non-controlling interests	52,181	75,282
Total equity	2,599,163	2,451,240

Notes:

1. GENERAL

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

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

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

The Group reported net current liabilities of HK\$23,997,000 as at 31 December 2015. The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK\$125,817,000 being reclassified as current liabilities as at 31 December 2015 due to the overriding right of demand clause as stipulated in the facility agreement of the bank borrowings.

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

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

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior 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 and amendments that have been issued but are not yet effective:

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

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

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

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

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

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, 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.

During the year, the Group regularly participated in the securities investment business and accordingly, an operating segment in respect to the securities investment was reported. The prior year segment information for comparative purpose has been restated.

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 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
Listing expense				(196)
Finance costs				(24,402)
Other unallocated income				648
Unallocated corporate expenses				(56,679)
Profit before taxation				281,845

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	For the year ended 31 December 2014 - restated			
	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	<u>1,532,357</u>	<u>184,511</u>	<u>-</u>	<u>1,716,868</u>
Segment profit	<u>9,202</u>	<u>237,156</u>	<u>12,066</u>	258,424
Share of results of associates				20,808
Share of result of joint ventures				(153)
Listing expense				(31,415)
Finance costs				(18,327)
Other unallocated income				4,917
Unallocated corporate expenses				<u>(48,651)</u>
Profit before taxation				<u>185,603</u>

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, gain on deemed disposal of a subsidiary, listing expense and finance costs.

4. OTHER GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Gain (loss) from changes in fair value of investments held-for-trading	35	(178)
Exchange loss, net	(5,724)	(19,789)
(Loss) gain from changes in fair value of derivative financial instruments	(2,877)	17,472
Gain (loss) on disposal of available-for-sale investments	37,789	(947)
Gain on disposal of property, plant and equipment	286	386
Gain on deemed disposal of a subsidiary	<u>19,494</u>	<u>-</u>
	<u>49,003</u>	<u>(3,056)</u>

5. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
Hong Kong	2,045	2,255
Overseas	2,978	405
	<u>5,023</u>	<u>2,660</u>
Under(over) provision in prior years		
Hong Kong	313	203
Overseas	(904)	67
	<u>4,432</u>	<u>2,930</u>
Deferred taxation	<u>38,100</u>	<u>6,806</u>
	<u>42,532</u>	<u>9,736</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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Allowance for doubtful debts	-	92
Amortisation of intangible assets	6,035	5,532
Cost of inventories recognised as an expense (<i>note</i>)	919,039	1,459,850
Charges on finance lease obligations	888	-
Depreciation of property, plant and equipment	7,641	6,622
Interest on bank loans, overdrafts and bonds	23,514	18,327
and after crediting:		
Dividend income from available-for-sale investments	987	12,531
Dividend income from investments held-for-trading	587	660
Interest on bank deposits	<u>2,838</u>	<u>4,917</u>

Note:

Cost of inventories includes an allowance for inventories of HK\$580,000 (2014: reversal of allowance for inventories of HK\$713,000).

7. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2014 of 5.0 HK cents per share (2014: 5.0 HK cents per share in respect of the year ended 31 December 2013)	13,873	13,854
Special dividend, paid in respect of the year ended 31 December 2013 of 3.0 HK cents per share	<u>-</u>	<u>8,313</u>
	<u>13,873</u>	<u>22,167</u>

A final dividend of 3.0 HK cents per share amounting to HK\$8,324,000 for the year ended 31 December 2015 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\$240,684,000 (2014: HK\$176,174,000) and the weighted average number of ordinary shares calculated below.

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,410,653	277,062,403
Effect of dilutive potential ordinary share: Share options issued by the Company	<u>314,988</u>	<u>416,249</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>277,725,641</u>	<u>277,478,652</u>

The computation of diluted earnings per share for the year ended 31 December 2015 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 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\$75,307,000 (2014: HK\$69,944,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	44,923	21,387
31 to 90 days	23,322	19,161
91 to 120 days	3,793	1,805
Over 120 days	3,269	27,591
Trade receivables	75,307	69,944

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 days to its trade customers. No credit period is granted to the customers for renting of properties. Rent is payable in advance 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\$21,895,000 (2014: HK\$52,771,000). The following is an aged analysis of the trade payables, based on the invoice date, at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	20,402	34,532
31 to 90 days	1,185	15,380
91 to 120 days	-	127
Over 120 days	308	2,732
Trade payables	21,895	52,771

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. DEEMED DISPOSALS OF A SUBSIDIARY AND PARTIAL INTERESTS IN A SUBSIDIARY

(a) Deemed disposal of Information Technology Consultants Limited (“ITCL”)

With the issuance of ITCL’s share to the public in December 2015, the Company’s equity interest in ITCL has been diluted from 43.6% to 37.6%, resulting in a loss in control over ITCL. Accordingly, the investment in ITCL was reclassified as interest in associate.

The assets and liabilities of ITCL were deconsolidated from the Group’s consolidated statement of financial position and the interest in ITCL has been accounted for as an associate using equity method. The fair value of the 37.6% retained interest in ITCL at the date on which the control was lost is regarded as the cost on initial recognition of the investment in ITCL as an associate.

	<i>HK\$’000</i>
Fair value of interest retained	87,224
Analysis of assets and liabilities over which control was lost:	
	<i>HK\$’000</i>
Non-current assets	
Property, plant and equipment	45,161
Intangible assets	46,537
Goodwill	11,509
Current assets	
Inventories	44,604
Trade and other receivables, deposits and prepayments	59,370
Bank balances and cash	48,756
Current liabilities	
Trade payables, other payables and accruals	(48,432)
Tax payable	(189)
Bank loan	(47,308)
Non-current liabilities	
Bank loan	(5,155)
Net assets disposal of	154,853
Deemed gain on disposal of ITCL	
	<i>HK\$’000</i>
Net assets disposed of	(154,853)
Fair value of retained interest	87,224
Non-controlling interests	85,904
Cumulative exchange difference in respect of the net assets of ITCL reclassified from equity to profit or loss on loss of control ITCL	1,219
Gain on deemed disposal	19,494
Net cash outflow arising on disposal	
Cash and cash equivalents of ITCL deemed disposed of	48,756

11. DEEMED DISPOSALS OF A SUBSIDIARY AND PARTIAL INTERESTS IN A SUBSIDIARY *(Continued)*

(b) Deemed disposal of partial interests in SiS Mobile

With the listing of the shares of SiS Mobile on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 15 January 2015,

- (i) an amount of HK\$23,519,000 was capitalised by the issuance of 235,190,000 ordinary shares of HK\$0.10 each from SiS Mobile to the Company;
- (ii) 88,757,333 ordinary shares of SiS Mobile of HK\$0.10 each were declared by the Company as a special dividend by way of distribution in specie to the Company’s qualifying shareholders; and
- (iii) 44,800,000 ordinary shares of HK\$0.10 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.

With the issuance of SiS Mobile’s shares to the public and the Company’s qualifying shareholders, the Company’s equity interest in SiS Mobile has been diluted from 100% to 52.30%. Although there is a reduction in the equity interest in SiS Mobile, the Company is still able to exercise control over SiS Mobile and the effect of the reduction in the Company’s interest in SiS Mobile of HK\$17,558,000, being the difference between the fair value of consideration of HK\$30,521,000 (net of issue expense of HK\$6,215,000) and the non-controlling interest in SiS Mobile of HK\$48,079,000, has been recognised directly in reserves.

12. EVENT AFTER THE END OF REPORTING PERIOD

On 25 February 2016, the Group has entered into an agreement to acquire the trust beneficial interest of a property (including land and building) situated in Japan for a consideration of approximately JPY5,963,000,000 (equivalent to approximately HK\$411,447,000). The acquisition was partially financed through the issuance of preferred shares by a subsidiary of the Group. The Group indirectly held 70% of the preferred shares and the remaining 30% were held by the ultimate holding company of the seller, a third party independent of the Company and its connected persons. The acquisition was completed on 1 March 2016.

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 8 July 2016. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 27 July 2016.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 7 July and 8 July 2016, 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 2015, 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 6 July 2016.

BUSINESS REVIEW

2015 has been such an exciting year for SiS as the Group continue to transform. Our unique value proposition as a value builder and value creator is taking shape in each of our business segments – SiS Real Estate, SiS Distribution, SiS Investment, as well as our latest addition SiS Asset Management. We continue our strategy to build, grow and unlock the value of our businesses and investments, and make a difference to the companies we own or invest in.

Real Estate Investments Business

During the year, the Group acquired two additional hotel properties in Japan and also an entire commercial office floor at Admiralty in Hong Kong; together with the assets appreciation in both markets, the carrying value of the Group's real estate investment portfolio increased from HK\$2,016 million to HK\$2,795 million and generated a segment profit of HK\$100 million (excluding gain from change in fair value) as compared to HK\$78 million in last year.

The momentum on real estate continues. The Group's has built a sizeable portfolio of income-generating properties with long term potential for the capital appreciation has contributed 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, the Group also acquired the trust beneficial interests in Toyoko Inn with five hotel properties located in various cities in Japan in 2013, Dormy Inn Premium Hotel located in Otaru and Rich Hotel located in Hakodate in 2014, and First Cabin Tsukiji located in Tokyo in 2015. The Group also purchased the real estate B Kyoto Sanjo located in Kyoto in 2015. By the end of 2015, the Group holds trust beneficial interests/real estate in ten hotel properties in total.

Distribution Business

Changes continue to take place rapidly in the IT world; demand for storage, networking and infrastructure products will be higher in the foreseeable future. In additions to the distribution of mobility products, the Group has begun distributing such IT products in Hong Kong since 2014. We will continue to acquire new products from world renowned vendors and create value for vendors through our vast network of IT resellers, retailers and mobile operators.

As a result of intense competition in IT and mobility products and a weaker retail market in Hong Kong, the revenue from mobile & IT distribution reduce 36% from HK\$1,532 million to HK\$986 million with a segment profits of HK\$3 million for the year 2015.

Investment in IT, securities and other Businesses

Our associated company, SiS Distribution (Thailand) Public Company Limited continued to perform and contributed HK\$18 million to the Group, despite of the political and economic challenges in Thailand.

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. To continue to create and unleash the value for shareholders, the Group successfully spun off and listed ITCL on two Stock Exchanges in Bangladesh in January 2016.

Accordingly, the Group's equity interest in ITCL has been diluted from 43.6% to 37.6% and reclassified as interest in associate at year ended 31 December 2015. The Group reported HK\$19 million deemed gain on disposal of ITCL.

As Bangladesh's economy continues to grow and electronic payment companies such as Apple pay, Google pay and Alipay continue to expand their businesses globally, the Group believes electronics & mobile payment business will gain momentum in Bangladesh and open up new opportunities for the Group.

The Group's Investment Business includes investment in shares of listed corporations as well as shares in unlisted companies. During the year, the Group disposed our investment in a corporation engaged in social media and an IT company providing network security appliances. The disposal contributed a total profit of HK\$38 million for the year ended 31 December 2015. The Group will continue to seek and explore investment opportunities to strength its investment portfolios.

PROSPECT

Every challenge presents new opportunity. Despite the challenging and unstable global economic outlook for the year 2016, the Group is cautiously moving ahead with confidence.

Since the founding of SiS in 1983, the Group continues to evolve and transform. We have built a world class distribution company in Asia. We will continue with the momentum on our transformation to build a dynamic group with key interests in Real Estate, Distribution, Investment and Asset Management.

Building on the Momentum

In January 2015, the Group successfully listed SiS Mobile Holdings Limited on the Hong Kong Stock Exchange (HK Stock Code: 1362) with good results, the shares being 172 times oversubscribed. Building on the momentum in Jan 2016, the Group successfully listed ITCL on two stock exchanges in Bangladesh and received overwhelming results with the shares 67 times oversubscribed.

The Group has also added a new business arm to our portfolio - SiS Asset Management was launched in January 2016 as a newly set up fund management firm in Singapore and a Registered Fund Management Company (“RFMC”) under the Monetary Authority of Singapore. Its maiden real estate private equity fund - the SiS Real Estate Opportunity Fund (the “Fund”) - seeks to invest in distressed or undervalued real estate opportunities arising from a softening property market and weakening global macroeconomic conditions.

The Group believes that the Fund offers accredited investors unique access to real estate private equity opportunities, allowing them to invest opportunistically with smaller denominations.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2015, the Group had total assets of HK\$4,334,643,000 which were financed by total equity of HK\$2,599,163,000 and total liabilities of HK\$1,735,480,000. The Group had a current ratio of approximately 1.0 compared to that of approximately 1.6 at 31 December 2014.

As at year end 2015 the Group had HK\$844,945,000 (2014: HK\$821,105,000) bank balances and cash of which HK\$455,029,000 (2014: HK\$493,522,000) 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 2015, the Group had short term loans and bank overdrafts of total HK\$945,272,000 (2014: HK\$476,934,000) and long term loans and bonds of HK\$474,560,000 (2014: HK\$419,020,000). The borrowings were mainly denominated in Japanese Yen and Hong Kong Dollar and charged by banks at floating interest rates.

At the end of December 2015, the Group had a net cash deficit (bank balances and cash, including pledged deposits less bank loans, bank overdrafts and bonds) of HK\$574,887,000 compared to cash deficit of HK\$74,849,000 as at 31 December 2014.

Gearing ratio, as defined by total bank loans, overdrafts and bonds to total equity as at 31 December 2015 was 55% (2014: 37%).

Charges on Group Assets

At the balance sheet date, the Group’s had pledged deposits of HK\$455,029,000 (2014: HK\$493,522,000) and investment properties with carrying value of HK\$2,288,456,000 (2014: HK\$1,436,778,000) were pledged to secure bank loans and general banking facilities granted to the Group and for purchase of investment properties. Certain shares of subsidiaries have been pledged to the banks as at 31 December 2014 and 2015 to secure several banking facilities available to the Group.

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

After the deemed disposal of a subsidiary in early December 2015, the number of staff of the Group as at 31 December 2015 became 94 (2014: 308). The salaries and other benefits paid and payable to employees, excluding Directors’ emoluments, amounted to HK\$41,138,000 (2014: HK\$33,621,000) for the year ended 31 December 2015. 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 2015, share options of 377,779 have been exercised and the weighted average closing share price immediately before dates of exercise of the share options were HK\$3.82. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

Environmental, Social and Corporate Responsibility

As a responsible 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.

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 2015, the Group had outstanding forward contracts of notional amount HK\$327,600,000 (2014: HK\$179,400,000) 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\$229,000,000 (2014: HK\$168,072,000).

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 2015, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 11 of the Group's 2014 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 2015, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors. The financial figures in this announcement of the Group's results for the year ended 31 December 2015 have been agreed by the 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 2015.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2015.

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

APPRECIATION

We would like to 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, 15 March 2016

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.