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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 2017

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 2017 together with comparative figures for the corresponding year in 2016 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue		1,010,768	1,128,417
Cost of sales		(823,856)	(950,589)
Gross profit		186,912	177,828
Other income		11,340	12,224
Other gains and losses	3	5,543	(28,066)
Distribution costs		(28,138)	(29,114)
Administrative expenses		(93,388)	(86,846)
Gain from changes in fair value of investment properties		246,285	232,057
Gain on re-measurement of previously held interest in associate	10	118,832	-
Share of results of associates		34,623	28,214
Finance costs		(34,119)	(28,645)
Profit before taxation		447,890	277,652
Income tax expense	4	(77,746)	(24,919)
Profit for the year	5	370,144	252,733
Profit for the year attributable to:			
Owners of the Company		367,835	236,209
Non-controlling interests		2,309	16,524
		370,144	252,733

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 December 2017

	Notes	2017 <i>HK Cents</i>	2016 <i>HK Cents</i>
Earnings per share	7		
- Basic		<u>132.4</u>	<u>85.1</u>
- Diluted		<u>132.3</u>	<u>85.0</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>370,144</u>	<u>252,733</u>
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss		
Changes in fair value of		
available-for-sale investments	51,047	48,187
Realisation of investments reserve upon disposal of		
available-for-sale investments	(26,609)	(2,618)
Exchange realignment arising on translation of foreign		
operations		
- Subsidiaries	25,624	(260)
- Associate	16,510	2,672
Realisation of translation reserve upon disposal of		
associate	<u>(16,162)</u>	<u>-</u>
Other comprehensive income for the year	<u>50,410</u>	<u>47,981</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	415,325	287,832
Non-controlling interests	<u>5,229</u>	<u>12,882</u>
	<u>420,554</u>	<u>300,714</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Notes	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Investment properties		4,081,883	3,723,972
Property, plant and equipment		353,770	322,611
Goodwill	10	126,406	-
Interests in associates		92,966	267,185
Interests in joint ventures		-	-
Available-for-sale investments		225,033	158,853
Deferred tax assets		68,778	11,139
Deposits paid		3,180	-
		<u>4,952,016</u>	<u>4,483,760</u>
Current assets			
Inventories		547,985	51,961
Trade and other receivables, deposits and prepayments	8	855,243	145,413
Amounts due from associates		16,718	3,312
Tax recoverable		14	2,076
Investments held-for-trading		16,661	13,084
Pledged deposits		466,337	331,948
Bank balances and cash		652,152	644,891
		<u>2,555,110</u>	<u>1,192,685</u>
Current liabilities			
Trade payables, other payables and accruals	9	711,881	141,253
Derivative financial instruments		536	-
Obligations under finance leases		4,173	3,876
Tax payable		19,037	16,088
Bank borrowings		1,667,093	1,084,362
Bonds		-	17,396
Rental deposits		17,615	18,000
		<u>2,420,335</u>	<u>1,280,975</u>
Net current assets (liabilities)		<u>134,775</u>	<u>(88,290)</u>
Total assets less current liabilities		<u>5,086,791</u>	<u>4,395,470</u>
Non-current liabilities			
Bank borrowings		965,581	957,254
Bonds		268,034	256,209
Obligations under finance leases		29,082	31,816
Deferred tax liabilities		168,288	88,982
Rental deposits		114,748	110,423
Retirement benefits obligations		10,227	-
		<u>1,555,960</u>	<u>1,444,684</u>
Net assets		<u>3,530,831</u>	<u>2,950,786</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
 AT 31 DECEMBER 2017

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	27,797	27,757
Share premium	73,400	72,533
Other reserves	52,732	4,952
Retained profits	<u>3,082,233</u>	<u>2,722,737</u>
Equity attributable to owners of the Company	3,236,162	2,827,979
Non-controlling interests	<u>294,669</u>	<u>122,807</u>
Total equity	<u>3,530,831</u>	<u>2,950,786</u>

Notes:

1. 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 Accounts (the “HKICPA”) for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the changes from financing cash flows to be disclosed.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group’s consolidated financial statements.

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

2. 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 mobile and IT products, property related (property investment and hotel operations) and securities investment. After completion of acquisition of SiS Distribution (Thailand) Company Limited ("SiS Thai") in December 2017, SiS Thai become a new reportable segment under "Distribution of mobile and IT products". Besides, as the segment revenue and results of SiS Thai from the completion date to end of the reporting year has not been presented as the amount is not material. 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 2017			
	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>766,323</u>	<u>244,445</u>	<u>-</u>	<u>1,010,768</u>
Segment (loss) profit	<u>(40,582)</u>	<u>374,273</u>	<u>23,218</u>	356,909
Loss on disposal of subsidiaries				(97)
Gain on re-measurement of previously held interest in associate				118,832
Impairment loss on interest in associates				(219)
Share of results of associates				34,623
Finance costs				(34,119)
Other unallocated income				14,186
Unallocated corporate expenses				<u>(42,225)</u>
Profit before taxation				<u>447,890</u>

Segment revenue and results (Continued)

	For the year ended 31 December 2016			
	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	911,254	217,163	-	1,128,417
Segment (loss) 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 profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, loss on disposal of subsidiaries, impairment loss on interest in associate, gain on re-measurement of previously held interest in associate, share of results of associates, gain on liquidation of a joint venture, loss from change in fair value of derivative financial instruments, finance costs, and other unallocated income.

3. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Reversal of allowance (allowance for) doubtful debts	568	(1,360)
Impairment loss on available-for-sale investments	(7,318)	-
Impairment loss on interest in associate	(219)	-
Gain on liquidation of a joint venture	-	10,987
Loss on disposal of subsidiaries	(97)	(24)
Gain (loss) on disposal of property, plant and equipment	376	(8)
Gain on disposal of available-for-sale investments	26,609	2,618
Exchange gain (loss), net	12,394	(723)
Gain from changes in fair value of investments held-for-trading	3,230	560
Loss from changes in fair value of derivative financial instruments	-	(40,116)
Provision for litigation and other related expenses	(30,000)	-
	<u>5,543</u>	<u>(28,066)</u>

4. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
Hong Kong	797	-
Overseas:		
Corporate tax	1,571	1,241
Withholding tax on declared dividend income	2,570	3,508
	<u>4,938</u>	<u>4,749</u>
(Over)underprovision in prior years		
Hong Kong	-	(43)
Overseas	(570)	60
	<u>4,368</u>	<u>4,766</u>
Deferred taxation	<u>73,378</u>	<u>20,153</u>
	<u>77,746</u>	<u>24,919</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 23.4% (2016: 23.9%) 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.

5. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including reversal of allowance on obsolete and slow moving inventories of HK\$1,047,000 (2016: allowance on obsolete and slow moving inventories of HK\$3,008,000))	722,068	871,198
Depreciation of property, plant and equipment	8,128	5,093
Interest on bank borrowings and bonds	33,065	27,393
Interest on finance leases	1,054	1,252

and after crediting:

Dividend income from available-for-sale investments	361	112
Dividend income from investments held-for-trading	336	645
Interest on bank deposits	3,237	1,920

6. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid 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

A final dividend of HK 4.0 cents per share amounting to HK\$11,119,000 for the year ended 31 December 2017 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

7. 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\$367,835,000 (2016: HK\$236,209,000) and the weighted average number of ordinary shares calculated below.

	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,873,515	277,516,120
Effect of dilutive potential ordinary share:		
Share options issued by the Company	52,541	251,615
Weighted average number of ordinary shares for the purpose of diluted earnings per share	277,926,056	277,767,735

The computation of diluted earnings per share for the year ended 31 December 2016 and 2017 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 the Company and SiS Mobile for the year.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the trade and other receivables, deposits and prepayments are trade receivables of HK\$725,689,000 (2016: HK\$87,537,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	430,390	44,548
31 to 90 days	260,913	28,553
91 to 120 days	11,229	3,830
Over 120 days	23,157	10,606
Trade receivables	<u>725,689</u>	<u>87,537</u>

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.

9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$453,251,000 (2016: HK\$47,432,000). The following is an aged analysis of the trade payables, presented based on the invoice date, at the end of the reporting period.

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	323,297	31,280
31 to 90 days	118,267	8,534
91 to 120 days	1,205	470
Over 120 days	10,482	7,148
Trade payables	<u>453,251</u>	<u>47,432</u>

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.

10. ACQUISITION OF SUBSIDIARIES

In prior year, the Group held 47.29% interest in SiS Distribution (Thailand) Public Company Limited ("SiS Thai") and accounted the investment in SiS Thai as interest in an associate. On 13 September 2017, The Group sent a letter to the board of directors of SiS Thai pursuant to which the Group will make a pre-conditional voluntary general offer for the remaining shares held by the other shareholders in SiS Thai at price of Thai Baht ("THB") 7.00 ("the Acquisition"). Details are set out in the Company's circular dated 16 October 2017. Upon completion of the Acquisition on 18 December 2017, the Group acquired 58,893,875 shares, representing approximately 16.82% of the total issued share capital of SiS Thai through Thai Alliance Co., Ltd., which the Group holds 96.55% interest. The purchase consideration of THB412,257,000 (approximately HKD99,354,000) was paid by cash. After the completion of the Acquisition, The Group holds 63.53% effective interest in SiS Thai and it became a subsidiary of the Group.

The directors of the Company determined the fair value of the Group's existing interest in SiS Thai when control is obtained to be approximately HK\$315,317,000 which represents the 165,616,595 shares of SiS Thai held by the Group stated at the quoted market price per share of THB7.90 on that date. As a results, the gain on re-measurement of previously held interest in SiS Thai was HK\$118,832,000.

Assets acquired and liabilities recognised at the date of Acquisition were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	28,130
Interests in associates	4,873
Deferred tax assets	55,949
Deposits paid	3,180
Inventories	500,714
Trade and other receivables	726,803
Amounts due from associates	14,780
Bank balances and cash	49,881
Trade and other payables	(527,766)
Derivative financial instruments	(536)
Tax payable	(833)
Bank borrowings	(395,303)
Retirement benefits obligations	(10,227)
Total identifiable net assets at fair value	<u>449,645</u>

The fair value of trade and other receivables at the date of Acquisition amounted to HK\$726,803,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK\$757,587,000 at the date of acquisition. The best estimate at Acquisition date of the contractual cash flows not expected to be collected amounted to HK\$30,784,000.

Goodwill arising from acquisition

	<i>HK\$'000</i>
Cash consideration	99,354
Add: fair value of previously held interest in associates	315,317
Add: non-controlling interests	161,380
Less: total identifiable net assets at fair value	<u>(449,645)</u>
Goodwill on acquisition	<u>126,406</u>

10. ACQUISITION OF SUBSIDIARIES *(Continued)*

Goodwill arose from the Acquisition because the cost of the combination included a control premium. In addition, the consideration paid effectively included amounts in relation to the benefit of expected synergies, revenue growth, distribution network, future market development and the assembled workforce of SiS Thai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

11. CONTINGENT LIABILITIES

During the year, 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 working with the legal advisor to take appropriate course of action in respect of the abovementioned application. The substantive hearing of the proceeding will be heard before the Competition Tribunal in the year 2018. As the proceeding is still in a preliminary stage, the ultimate outcome and liability of the claim cannot be ascertained at the end of the reporting period. The Group has made provision for the litigation and the related expense to the consolidated financial statements and the directors of the Company are of the opinion that further financial effects, if any, are not likely to be significant to the Group.

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 4.0 HK cents per share (the “Final Dividend”) payable to shareholders on the register of members on 6 July 2018. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 26 July 2018.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 5 July and 6 July 2018, 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 2017, 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, Hong Kong, not later than 4:00 p.m. on 4 July 2018.

BUSINESS REVIEW

Total net profit for the year increased 46% to HK\$370 million while revenue for the year decreased to HK\$1,011 million.

Total assets of the Group increased to HK\$7,507 million, with assets appreciation of HK\$1,831 million for the year. Net assets value per share increased from HK\$10.62 to HK\$12.70.

The transformation and implementation of strategic initiatives to build multiple income streams of businesses for the Group has recorded positive result for the Group. The Group continue to grow from strength to strength in our distribution business, real estate portfolio and in promising investments in IT businesses and securities.

Real Estate Investments Business

At the end of 2017, the Group holds interest in seventeen (17) hotels and hostels properties in Japan and twelve (12) investment properties in Hong Kong and Singapore. This sizeable portfolio of income generating properties with long term potential for capital appreciation has contributed positively to the net results of the Group.

The total revenue from Group's real estate investment portfolio for the year increased 13% to HK\$244 million and generated a segment profit (excluding gains from change in fair value) of HK\$128 million as compared to HK\$121 million in last year.

The appreciation of the Group's real estate investment resulted in the increase of the Group's carrying value of investment properties from HK\$3,724 million to HK\$4,082 million.

Distribution Business

SiS Distribution (Thailand) Public Company Limited ("SiS Thai") in Thailand became a non-wholly owned subsidiary of the SiS Group upon the completion of our voluntary general offer to its shareholders in December 2017. A gain on re-measurement of previously held interest in SiS Thai of HK\$119 million was reported for the year. With an established IT distribution and resellers network, SiS Thai is well positioned to continue its momentum of growth with improved political and economic climate in Thailand.

Investment in IT, Securities and other Businesses

In Bangladesh, our associate company, Information Technology Consultants Limited, continue to grow and contributed positively to the Group during the year.

Despite an impairment loss made for an investment fund in the first half of 2017, the segment profit for investments in IT, securities and other businesses increased. The investment held-for-trading portfolio recorded a fair value gain during the year. The Group realized a profit from the partial disposal of our investment in a technology company that is listed in the US. The Group will continue to invest in promising securities and optimize its securities investment portfolio by selling at an appropriate time.

PROSPECT

As world economy recovers slowly, the Directors are cautiously looking ahead with confidence. We have a sizeable portfolio of real estate properties and a leading position in IT distribution in Thailand; we are a leading consultant and provider of financial services, payment gateway,

ATM, mobile payments & banking solutions in Bangladesh. We had achieved an impressive record of continuous consecutive profitability for the Group since our inception. We will remain Focused on maximizing shareholders value with Determination to succeed, commitment to efficient execution & business Excellence.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2017, the Group had total assets of HK\$7,507,126,000 which were financed by total equity of HK\$3,530,831,000 and total liabilities of HK\$3,976,295,000. The Group had a current ratio of approximately 1.06 compared to that of approximately 0.93 at 31 December 2016.

As at year end 2017 the Group had HK\$1,118,489,000 (2016: HK\$976,839,000) bank deposits balances and cash of which HK\$466,337,000 (2016: HK\$331,948,000) 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 2017, the Group had short term loans and bonds of total HK\$1,667,093,000 (2016: HK\$1,101,758,000) and long term loans and bonds of HK\$1,233,615,000 (2016: HK\$1,213,463,000). The borrowings were mainly denominated in Japanese Yen, Thai Baht and Hong Kong Dollar, and were charged by banks at floating interest rates.

At the end of December 2017, the Group had a net cash deficit (total bank loans and bonds, less bank balances and cash and pledged deposits) of HK\$1,782,219,000 (2016: HK\$1,338,382,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2017 was 82% (2016: 78%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK\$466,337,000 (2016: HK\$331,948,000), investment properties with carrying value of HK\$3,879,393,000 (2016: HK\$3,539,810,000) and property, plant and equipment with carrying value of HK\$180,970,000 (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 31 December 2017 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 2017 was 702 (2016: 103) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK\$44,750,000 (2016: HK\$43,787,000) for the year ended 31 December 2017. 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 2017, share options of 400,000 have been exercised and the weighted average closing share price immediately before dates of exercise of the share options were 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 United States Dollar and 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 has entered into foreign currency forward contracts. At 31 December 2017 the Group had outstanding forward contracts of notional amount HK\$63,164,000 (2016: nil) 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\$154,000,000 (2016: HK\$244,000,000).

ENVIRONMENTAL, SOCIAL AND CORPORATION 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 2017 annual report.

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 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 consolidated financial statements for the year ended 31 December 2017, 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 2017 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 2017.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2017.

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 2017 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 2018.

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 2018

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.