

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## SIS INTERNATIONAL HOLDINGS LIMITED

### 新龍國際集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The directors (the “Directors”) of SiS International Holdings Limited (the “Company”) are pleased to announce the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with comparative figures for the corresponding period in 2020. The interim report has been reviewed by the Company’s auditor and audit committee.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended	
		30 June 2021 HK\$'000 (unaudited)	30 June 2020 HK\$'000 (unaudited)
Revenue	3	5,183,858	3,248,584
Cost of sales		<u>(4,873,505)</u>	<u>(2,966,417)</u>
Gross profit		310,353	282,167
Other income		15,725	16,811
Other gains and losses, net	4	35,255	(48,970)
Impairment losses under expected credit loss model, net of reversal		(13,264)	(21,960)
Distribution costs		(112,660)	(89,069)
Administrative expenses		(71,920)	(70,307)
Loss from changes in fair value of investment properties		(53,715)	(415,747)
Share of results of associates		2,257	2,065
Finance costs		<u>(26,601)</u>	<u>(34,319)</u>
Profit (loss) before tax		85,430	(379,329)
Income tax (expense) credit	5	<u>(17,428)</u>	<u>69,795</u>
Profit (loss) for the period	6	<u><b>68,002</b></u>	<u><b>(309,534)</b></u>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		24,371	(327,542)
Non-controlling interests		<u>43,631</u>	<u>18,008</u>
		<u><b>68,002</b></u>	<u><b>(309,534)</b></u>

\* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)**

	<i>Note</i>	<b>Six months ended</b>	
		<b>30 June 2021 <i>HK cents</i> (unaudited)</b>	<b>30 June 2020 <i>HK cents</i> (unaudited)</b>
EARNINGS (LOSS) PER SHARE	7		
-Basic (HK cents)		<u>8.77</u>	<u>(117.8)</u>
-Diluted (HK cents)		<u>8.77</u>	<u>(117.8)</u>

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

	<b>Six months ended</b>	
	<b>30 June 2021 <i>HK\$'000</i> (unaudited)</b>	<b>30 June 2020 <i>HK\$'000</i> (unaudited)</b>
Profit (Loss) for the period	<u>68,002</u>	<u>(309,534)</u>
<b>Other comprehensive income (expense):</b>		
<b>Item that will not be reclassified to profit or loss</b>		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>3,733</u>	<u>(12,060)</u>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Exchange differences arising on translation of foreign operations		
- Subsidiaries	(73,651)	(14,634)
- Associates	<u>(830)</u>	<u>(704)</u>
	<u>(74,481)</u>	<u>(15,338)</u>
Other comprehensive expense for the period	<u>(70,748)</u>	<u>(27,398)</u>
Total comprehensive expense for the period	<u>(2,746)</u>	<u>(336,932)</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(25,697)	(346,372)
Non-controlling interests	<u>22,951</u>	<u>9,440</u>
	<u>(2,746)</u>	<u>(336,932)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties		4,219,422	4,452,242
Property, plant and equipment		669,735	703,076
Right-of-use assets		38,580	47,153
Goodwill		126,406	126,406
Interests in associates		114,752	113,325
Equity instruments at fair value through profit or loss ("FVTPL")		215,060	182,551
Equity instruments at FVTOCI		82,356	78,748
Deferred tax assets		79,658	84,257
Other financial assets		10,283	8,212
Other assets		2,500	2,500
		<b>5,558,752</b>	<b>5,798,470</b>
<b>Current assets</b>			
Inventories		823,517	661,795
Trade and other receivables, deposits and prepayments	9	1,356,635	1,396,298
Amount due from an associate		353	353
Derivative financial instruments		2,413	-
Tax recoverable		10	55
Equity instruments at FVTPL		16,521	16,901
Pledged bank deposits		436,875	450,733
Bank balances and cash		920,090	795,110
		<b>3,556,414</b>	<b>3,321,245</b>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	10	1,034,276	976,548
Contract liabilities		32,678	33,654
Lease liabilities		17,371	18,156
Advance lease payments		1,742	1,883
Amount due to an associate		126	62
Derivative financial instruments		-	2,078
Tax payable		54,987	34,416
Bank borrowings		2,937,440	2,596,684
Bonds		70,156	74,983
Rental deposits		21,515	18,530
		<b>4,170,291</b>	<b>3,756,994</b>
<b>Net current liabilities</b>		<b>(613,877)</b>	<b>(435,749)</b>
<b>Total assets less current liabilities</b>		<b>4,944,875</b>	<b>5,362,721</b>
<b>Non-current liabilities</b>			
Bank borrowings		698,159	1,086,566
Bonds		202,822	216,826
Lease Liabilities		58,060	71,002
Advance lease payments		32,769	36,837
Deferred tax liabilities		94,628	118,788
Rental deposits		94,759	102,607
Retirement benefits obligations		19,718	19,018
		<b>1,200,915</b>	<b>1,651,644</b>
<b>Net assets</b>		<b>3,743,960</b>	<b>3,711,077</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

		<b>30 June 2021</b>	31 December 2020
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Capital and reserves</b>			
Share capital	<i>11</i>	<b>27,797</b>	27,797
Share premium		<b>73,400</b>	73,400
Other reserves		<b>27,389</b>	21,496
Retained profits		<b>3,210,208</b>	3,185,837
Equity attributable to owners of the Company		<b>3,338,794</b>	3,308,530
Non-controlling interests		<b>405,166</b>	402,547
<b>Total equity</b>		<b>3,743,960</b>	3,711,077

### Notes:

#### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) 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”).

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities (including non-current portion of bank borrowings with repayment on demand clause of HK\$386,171,000) exceeded its current assets by HK\$613,877,000 as at 30 June 2021.

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

The outbreak of Covid-19 and the subsequent quarantine measures including the travel restrictions imposed by many countries have had negative impacts to the global economy and business environment which directly and indirectly affected the operations of the Group. Although some of the hotels of the Group had resumed their operation, the hotel occupancy rate in Japan were still severely impacted throughout the interim period in 2021. As such, the valuation of properties and short-term performance of the business of the Group were still affected in different aspects as disclosed in the relevant notes to the condensed consolidated financial statement.

#### 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 at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
---	--

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* during the year ended 31 December 2020.

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### **2.1 Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"**

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

#### **2.2 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform - Phase 2"**

##### **Transition and summary of effects**

As at 1 January 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts with payments indexed to benchmark rates which are subject to interest rate benchmark reform. The amounts of financial liabilities are shown at their carrying amounts.

	Japanese Yen London Interbank Offer Rate ("JPY LIBOR") HK\$'000	United States Dollars London Interbank Offer Rate ("US\$ LIBOR") HK\$'000
<b>Financial liabilities</b>		
Bank borrowings	2,082,185	83,694
Bonds	216,826	-

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings and bonds measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

### 3. SEGMENT INFORMATION

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

For the six months ended 30 June 2021 (unaudited)						
	Distribution of mobile and IT products		Property investment and hotel operation		Securities investment	Consolidated
	Hong Kong HK\$'000	Thailand HK\$'000	Japan HK\$'000	Other regions HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue</i>						
- Revenue from contracts with customers	1,241,296	3,810,647	17,623	-	-	5,069,566
- Leasing of investment properties	-	-	92,608	21,684	-	114,292
External sales	<u>1,241,296</u>	<u>3,810,647</u>	<u>110,231</u>	<u>21,684</u>	<u>-</u>	<u>5,183,858</u>
<i>Segment profit (loss)</i>	<u>14,566</u>	<u>126,551</u>	<u>(40,181)</u>	<u>(269)</u>	<u>33,771</u>	134,438
Share of results of associates						2,257
Finance costs						(26,601)
Other unallocated income						369
Unallocated corporate expenses						<u>(25,033)</u>
Profit before tax						<u>85,430</u>

For the six months ended 30 June 2020 (unaudited)						
	Distribution of mobile and IT products		Property investment and hotel operation		Securities investment	Consolidated
	Hong Kong HK\$'000	Thailand HK\$'000	Japan HK\$'000	Other regions HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue</i>						
- Revenue from contracts with customers	471,854	2,638,370	4,526	-	-	3,114,750
- Leasing of investment properties	-	-	111,461	22,373	-	133,834
External sales	<u>471,854</u>	<u>2,638,370</u>	<u>115,987</u>	<u>22,373</u>	<u>-</u>	<u>3,248,584</u>
<i>Segment (loss) profit</i>	<u>(3,185)</u>	<u>88,537</u>	<u>(343,178)</u>	<u>(32,670)</u>	<u>(37,558)</u>	(328,054)
Share of results of associates						2,065
Finance costs						(34,319)
Other unallocated income						3,645
Unallocated corporate expenses						<u>(22,666)</u>
Loss before tax						<u>(379,329)</u>

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

#### 4. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 June 2021 <i>HK\$'000</i> (unaudited)	30 June 2020 <i>HK\$'000</i> (unaudited)
Exchange (loss) gain, net	(1,361)	8,500
Impairment loss on property, plant and equipment	-	(21,808)
Gain on disposal of property, plant and equipment	28	5
Gain from changes in fair value of derivative financial instruments	4,498	2,672
Gain (loss) from changes in fair value of equity instruments at FVTPL	<u>32,090</u>	<u>(38,339)</u>
	<u><b>35,255</b></u>	<u><b>(48,970)</b></u>

#### 5. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30 June 2021 <i>HK\$'000</i> (unaudited)	30 June 2020 <i>HK\$'000</i> (unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	1,852	-
Overprovision in respect of prior periods	-	(56)
	<u>1,852</u>	<u>(56)</u>
Overseas Tax		
Current period	33,275	20,126
(Over) underprovision in respect of prior periods	(128)	16
Withholding tax on dividend paid	651	1,790
	<u>33,798</u>	<u>21,932</u>
Deferred taxation	<u>(18,222)</u>	<u>(91,671)</u>
Income tax expense (credit) for the period	<u><b>17,428</b></u>	<u><b>(69,795)</b></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for current period. No provision for Hong Kong Profits Tax had been made in the period ended 30 June 2020 as the Group had no significant assessable profits in Hong Kong.

Corporate Tax in Thailand is calculated at 20% of the estimated assessable profit for both periods.

Corporate Tax in Japan is calculated at 23.2% 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 entities.

Other overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30 June 2021 HK\$'000 (unaudited)	30 June 2020 HK\$'000 (unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Cost of inventories recognised in cost of sales	4,777,242	2,898,771
Depreciation of property, plant and equipment	16,419	12,776
Depreciation of right-of-use assets	6,169	5,983
Share of tax expense of associates	24	202
Write-down of inventories	6,631	1,674
Interest income on bank deposits	(1,487)	(3,979)

## 7. EARNINGS (LOSS) PER SHARE

The calculation of both basic and diluted earnings (loss) per share is based on the Group's profit attributable to owners of the Company of HK\$24,371,000 (for the six months ended 30 June 2021: loss attributable to owners of the Company of HK\$327,542,000) and the number of ordinary shares calculated below.

	Six months ended	
	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	277,966,666	277,966,666

The computation of diluted earnings (loss) per share for the six months ended 30 June 2021 and 30 June 2020 did not assume the exercise of all share options of the Company and share options of SiS Mobile Holdings Limited ("SiS Mobile") as the exercise prices of those options were higher than the average market prices of the Company and SiS Mobile for the both periods.

## 8. DIVIDENDS

There is no dividend distributed during the six months ended 30 June 2021. Dividend recognised as distribution during the six months ended 30 June 2020 represented final dividend, payable in respect of the year ended 31 December 2019 of 2 HK cents per share, totalling HK\$5,559,000 (unaudited).

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021.



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

Included in trade and other receivables, deposits and prepayments are trade receivables and lease receivables of HK\$1,106,717,000 and HK\$6,551,000 respectively (31 December 2020: HK\$1,131,593,000 and HK\$9,391,000 respectively). The following is an analysis of trade receivables and lease receivables by age, net of allowance for credit losses, presented based on the invoice date for trade receivables and demand note date for lease receivables.

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Within 30 days	644,319	692,204
31 to 90 days	354,126	312,534
91 to 120 days	36,431	44,077
Over 120 days	78,392	92,169
	<u>1,113,268</u>	<u>1,140,984</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 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.

## 10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$686,525,000 (31 December 2020: HK\$644,691,000). The following is an analysis of trade payables by age, presented based on the invoice date.

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Within 30 days	522,506	489,415
31 to 90 days	147,113	137,924
91 to 120 days	5,691	7,739
Over 120 days	11,215	9,613
	<u>686,525</u>	<u>644,691</u>

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

## 11. SHARE CAPITAL

	No. of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised	<u>350,000,000</u>	<u>35,000</u>
Issued and fully paid		
At 1 January 2020 (audited), 30 June 2020 (unaudited), 31 December 2020 (audited) and 30 June 2021 (unaudited)	<u>277,966,666</u>	<u>27,797</u>

## 12. CAPITAL COMMITMENTS

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Investment in unquoted equity instruments	-	234
Refurbishment of investment properties	<b>1,040</b>	<b>5,612</b>

### INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

### BUSINESS REVIEW

The Group reported a profit attributable to owners of the Company, not including non-controlling interest, of HK\$24,371,000 compared to a loss in the last corresponding interim period.

During the first six months of 2021, the Group recorded a 60% increase in revenue from HK\$3,248,584,000 to HK\$5,183,858,000. Gross profit grew 10% during the interim period in 2021.

The turnaround were mainly contributed by a better performance in distribution business, gain from securities investments as well as lower fair value loss of HK\$53,715,000 from investment properties (interim 2020: fair value loss HK\$415,747,000) in real estate investment business.

As at 30 June 2021, total asset of the Group amounted to HK\$9,115,166,000. Net assets value per ordinary share increased slightly from HK\$13.4 to HK\$13.5.

#### Real Estate Investment Business

The hospitality business in Japan is still severely affected by the fallout of Covid-19 pandemic during the first half year 2021. It has been a difficult period for the sector as travel and tourism have not been able to open up completely with the resurgence of the more transmissible & contagious Delta variant and low vaccination rate.

#### Distribution Business

During the 2021 interim period, total revenue from distribution business grew 62% from HK\$3,110,224,000 to HK\$5,051,943,000 as compared to the preceding interim period. This was attributed primarily to the expanding of product range and accelerated ecommerce and sale channels activities. We continued to perform well during the pandemic with growth from both Thailand and Hong Kong markets. As a result, total segment profit of distribution business increased 65% to HK\$141,117,000.

## **Investment in IT, Securities and other Business**

Business in Information Technology Consultants Limited (“ITCL”), our associated company in Bangladesh remained stable and contributed steadily to the Group. It continued to lead and also expanded its electronic payment services to the markets.

The Group’s securities investment recorded segment profit of HK\$33,771,000 as compared to a loss of HK\$37,558,000 in the last corresponding interim period. The Group will continue to hold on to its securities portfolio whilst seeking out to divest or invest in promising securities when opportunity arises.

## **PROSPECT**

The effects of Covid-19 on the world economy are likely to continue into second half 2021. However, global economy growth is anticipated to rebound in the months ahead as vaccinations accelerated and Covid-19 cases drop. Many countries will reopen their borders; key service sectors such as hospitality, travel and tourism will resume and people having suffered from “pandemic fatigue” will be eager to travel again. We envisage that Japan, a favourite destination amongst global travellers will return to its pre-pandemic heyday.

With every challenge comes an opportunity to transform challenges into opportunities for growth. The Group remained nimble and will continue to manage its business costs in tandem with market conditions at the same time seek and identify growth opportunities.

## **FINANCIAL REVIEW AND ANALYSIS**

### **Liquidity and Financial Resources**

As at 30 June 2021, the Group had total assets of HK\$9,115,166,000 which were financed by total equity of HK\$3,743,960,000 and total liabilities of HK\$5,371,206,000. The Group had current ratio of approximately 0.85 compared to that of approximately 0.88 as at 31 December 2020.

As at 30 June 2021, the Group had bank deposits balances and cash of HK\$1,356,965,000 (31 December 2020: HK\$1,245,843,000), out of which HK\$436,875,000 (31 December 2020: HK\$450,733,000) were pledged to banks to secure bank borrowings. The Group’s working capital requirements were mainly financed by internal resources, bank borrowings and bonds. As at 30 June 2021, the Group had short term borrowings and bonds of HK\$3,007,596,000 (31 December 2020: HK\$2,671,667,000) and long term borrowings and bonds of HK\$900,981,000 (31 December 2020: HK\$1,303,392,000). The borrowings were mainly denominated in Japanese Yen, United States Dollars, Thai Baht and Hong Kong Dollars and were charged by banks at floating interest rate.

As at 30 June 2021, the Group had net cash deficit (total bank borrowings and bonds less bank balances and cash and pledged bank deposits) of HK\$2,551,612,000 (31 December 2020: HK\$2,729,216,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 30 June 2021 was 104% (31 December 2020: 107%).

## **Charges on Group Assets**

As at 30 June 2021, the Group had pledged bank deposits of HK\$436,875,000 (31 December 2020: HK\$450,733,000) and investment properties with carrying values of HK\$4,084,555,000 (31 December 2020: HK\$4,199,372,000) and property, plant and equipment with carrying value of HK\$455,996,000 (31 December 2020: HK\$307,627,000) 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 2021 and 31 December 2020 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 2021 was 798 (30 June 2020: 703) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$94,337,000 (30 June 2020: HK\$81,654,000). 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 2021, no share options have been exercised. 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 Dollars. Certain bank balances are dominated in United States Dollars, Australian Dollars, Singapore Dollars, Japanese Yen and Renminbi, while certain bank borrowings are dominated in United States Dollars 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 will consider hedging significant currency risk exposure should the need arise.

## **Capital Expenditure**

During the period, the Group spent approximately HK\$8,896,000 (six months ended 30 June 2020: HK\$11,507,000) and HK\$4,386,000 (six months ended 30 June 2020: HK\$52,566,000) on addition of property, plant and equipment and investment properties respectively.

## **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 HKEX (the "Listing Rules") throughout the period ended 30 June 2021, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 10 and 11 of the Group's 2020 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 interim report for the six months ended 30 June 2021, including the accounting policies 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 2021.

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

This results announcement is published on the Company’s website at [www.sisinternational.com.hk](http://www.sisinternational.com.hk) and the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 interim report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 September 2021.

## **APPRECIATION**

On behalf of the Board, I want to thank and say how grateful I am to the commitments and the dedication of our staff, customers, vendors, business partners, banks, shareholders and those who are rallying behind us. It is to their credit and that of the senior management team that we have been able to conduct our business effectively in light of this challenging environment.

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

Hong Kong, 27 August 2021

*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.*