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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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PREFERRED SHARES OF A SUBSIDIARY

Preferred Shares Transfer Agreement

The Board is pleased to announce that on 25 November 2022, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Seller (a substantial shareholder in the Target entity) have entered into the SPA, in relation to the acquisition of Sale Shares representing 30% Preferred Shares in the Target entity. The consideration for the Acquisition was approximately JPY833,000,000 (equivalent to HK\$45,815,000). Upon completion of the Acquisition, the Target entity will become an indirect wholly-owned subsidiary of the Company.

Listing Rule Implications

As one of the applicable percentage ratios of the Acquisition is more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Seller is a connected person of the Company at the subsidiary level by virtue of being one of the substantial shareholders of the Target entity, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Seller is a connected person at the subsidiary level of the Company; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the Acquisition and the terms of the SPA are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and its shareholders as a whole, therefore the Acquisition is subject to the reporting and announcement requirements, but exempt from the circular,

independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The board of directors (the "Board") of SiS International Holdings Limited (the "Company") is pleased to announce that on 25 November 2022, the Purchaser and the Seller have entered into the Preferred Shares Transfer Agreement, in relation to the acquisition of Sales Shares representing 30% of the Preferred Shares in the Target entity. The consideration for the Acquisition was approximately JPY833,000,000 (equivalent to HK\$45,815,000).

As of the date of this announcement, the Target entity is an indirect non-wholly owned subsidiary of the Company, with issued capital of (i) 4 equity shares amounting JPY200,000 wholly owned by the Group, and (ii) 45,000 Preferred Shares amounting JPY2,250,000,000 of which 31,500 Preferred Shares amounting JPY1,575,000,000 and 13,500 Preferred Shares amounting JPY675,000,000, representing 70% and 30% of Preferred Shares respectively, owned by the Group and the Seller respectively. Upon completion of the Acquisition, the Target entity will become an indirect wholly-owned subsidiary of the Company.

PREFERRED SHARES TRANSFER AGREEMENT

The principal terms of the Preferred Shares Transfer Agreement (the "SPA") are set out below:

Date

25 November 2022

Parties

1. SK Assets Kabushiki Kaisha, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and
2. Kenedix, Inc., one of the substantial shareholders of the Target entity, as the Seller.

Nature of the transaction

The Purchaser has agreed to purchase, and the Seller has agreed to sell Sale Shares in the indirect non-wholly owned subsidiary of the Company, Tokutei Mokuteki Kaisha SSG23 (the "Target entity").

Consideration and payment terms

The consideration for Sale Shares approximately JPY833,000,000 (equivalent to HK\$45,815,000) includes all the interests and obligations corresponding to the Sale Shares interest in the Target entity, including but not limited to dividends or other distribution declared on or before the Closing Date.

The consideration shall be paid by the Purchaser in cash by internal resources of the Group and/or bank financing upon completion. First payment JPY793,639,000 (equivalent to HK\$43,650,000) shall be made on the Closing Date and the remaining, being the final payment is payable on 31 March 2023.

The final payment approximately JPY39,361,000 (equivalent to HK\$2,165,000) is subject to adjustment on finalization of audited financial statement of Target entity in generally accepted accounting principal in Japan, for the period from 1 January 2022 to preceding day of the Closing Date.

Condition precedent for completion

The transfer of the Sale Shares, which has been pledged to a financial institution in Japan, which is also the pledgee of all the equity and Preferred Shares interests of the Target entity, is subject to approval from the pledgee.

Completion

Subject to satisfaction of the condition precedents contained in the SPA, the Acquisition shall take place on the Closing Date, which is 21 December 2022 or such other date to be mutually agreed between the Purchaser and the Seller.

Basis to determine the consideration

The consideration was determined by the Purchaser with reference to, among other things, (i) fair value of a major asset in the Target entity provided by an independent valuer; (ii) an estimated net asset value of the Target entity as at Closing Date; (iii) the historical financial performance of the Target entity, and (iv) the future prospect of the Target entity.

INFORMATION ABOUT THE TARGET ENTITY

The Target entity, TMK SSG23, is principally engaged in hospitality and commercial property investment in Japan. As at the date of this announcement, the Target entity is an indirect non-wholly owned subsidiary of the Company, with issued capital of (i) 4 equity shares amounting JPY200,000 wholly owned by the Group, and (ii) 45,000 Preferred Shares amounting JPY2,250,000,000 of which 31,500 Preferred Shares amounting JPY1,575,000,000 and 13,500 Preferred Shares amounting JPY675,000,000, representing

70% and 30% of Preferred Shares respectively, owned by the Group and the Seller respectively. Upon completion of the Acquisition, the Target entity will become an indirect wholly-owned subsidiary of the Company.

The original cost of investment incurred by the Seller in respect of the Sale Shares amounted to JPY675,000,000 (equivalent to HK\$37,125,000), representing the Seller's aggregate capital contribution to Target entity.

As at 31 December 2021, the unaudited net asset value on International Financial Reporting Standards ("IFRS") basis of the Target entity was approximately JPY2,821,514,000 (equivalent to HK\$155,183,000).

The net profit (loss) (both before and after tax) of the Target entity for the two years ended 31 December 2021 and 2020, which were prepared in accordance with the IFRS for consolidation purpose of the Company, were as follows:

	Year ended 31 December			
	2021	2021	2020	2020
	<i>Unaudited JPY'000</i>	<i>Equivalent to HK\$'000</i>	<i>Unaudited JPY'000</i>	<i>Equivalent to HK\$'000</i>
Net profit (loss) before tax	232,725	12,800	(292,963)	(16,113)
Net profit (loss) after tax	233,300	12,832	(171,109)	(9,411)

INFORMATION ABOUT THE GROUP AND THE SELLER

The Company is an investment trading, and investment holding company and provides corporate management services. The principal business of the Group includes real estate investment, mobile & IT products distribution as well as investments in promising businesses and securities.

The Seller is carrying asset management business, real estate related business and real estate investment business, etc. in Japan and currently one of its wholly owned subsidiaries is providing asset management services to the Target entity. As it is one of the substantial shareholders of the Target entity, the Seller is a connected person of the Company at the subsidiary level. The Transaction constitutes the Connected Transaction of the Company under Chapter 14A of the Listing Rules. Upon completion of the Acquisition, the Seller's wholly owned subsidiary continues to provide asset management services to the Target entity.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Seller desires to sell all its Sale Shares in the Target entity and the Acquisition is in line with the Group's strategy in investing in income generating real estate with a potential of capital appreciation in long term. The Board believes the hospitality industry will be recovered when Japan is shifting into post-pandemic reopening mode.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition and the terms in SPA are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and the Acquisition is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the Acquisition is more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Seller is a connected person of the Company at the subsidiary level by virtue of being one of the substantial shareholders of the Target entity, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Seller is a connected person at the subsidiary level of the Company; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the Acquisition and the terms of the SPA are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and its shareholders as a whole, therefore the Acquisition is subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the SPA so no Director was required to abstain from voting on the Board resolutions of the Company approving the Acquisition. The Board has considered and approved the resolution on the Acquisition.

DEFINITIONS

Unless the context requires otherwise, the capitalized terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Target entity’s 13,500 Preferred Shares representing 30% preferred shares interest pursuant to Preferred Shares Transfer Agreement
“Board”	the board of Directors
“Closing Date”	21 December 2022 or such other date as the parties may mutually agree in writing
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00529)
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Connected Transaction”	has the meaning as ascribed to it under the Listing Rules
“Director”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Preferred Shares”	preferred shares amounting total JPY2,250,000,000 issued by the Target entity, representing major capital in the Target entity

“Purchaser”/ “SK Assets KK”	SK Assets Kabushiki Kaisha, a company incorporated in Japan and an indirect wholly-owned subsidiary of the Group
“Sale Shares”	13,500 Preferred Shares, representing 30% Preferred Shares in the Target entity, owned by the Seller as at date of this announcement
“SPA”	Preferred shares transfer agreement entered into between the Purchaser and the Seller on 25 November 2022
“Seller”	Kenedix Inc., a company incorporated in Japan
“Shareholders”	Shareholders of the Company, holders of the ordinary shares of HK\$0.10 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Target entity”/ “TMK SSG23”	Tokutei Mokuteki Kaisha SSG23, a company incorporated in Japan with issued capital of (i) 4 equity shares amounting JPY200,000 wholly owned by the Group, and (ii) 45,000 Preferred Shares amounting JPY2,250,000,000 of which 31,500 Preferred Shares amounting JPY1,575,000,000 and 13,500 Preferred Shares amounting JPY675,000,000, representing 70% and 30% of Preferred Shares respectively, owned by the Group and the Seller respectively as at the date of this announcement
“%”	per cent

The exchange rate adopted for the purpose of this announcement is HK\$0.055 to JPY 1. No representation is made that any amounts in JPY and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

By Order of the Board of
SIS INTERNATIONAL HOLDINGS LIMITED
Lim Kia Hong
Chairman and Chief Executive Officer

Hong Kong, 25 November 2022

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.

** For identification purposes only*