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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)**

### **MAJOR TRANSACTION DISPOSAL OF TRUST BENEFICIAL INTEREST OF A PROPERTY IN JAPAN**

**Financial adviser to the Company**

**AmCap**

*Ample Capital Limited*

*豐盛融資有限公司*

#### **THE DISPOSAL**

The Board wishes to announce that on 28 June 2023, the Seller, being an indirect wholly-owned subsidiary of the Company, has entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which, the Seller agreed to sell and the Purchaser agreed to purchase the Trust Beneficial Interest of the Property located in Tokyo, Japan at a total consideration of JPY2,536,250,000 (including consumption taxes) (equivalent to approximately HK\$152,175,000).

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Disposal. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Disposal under the Sale and Purchase Agreement.

As at the date of this announcement, Gold Sceptre Limited, the controlling shareholder of the Company, is the registered holder of and beneficially interested in a total of 140,360,000 Shares, representing approximately 50.5% of the issued share capital of the Company. As at the date of this announcement, the Company has obtained a written approval of the Disposal from Gold Sceptre Limited. By reason of the written approval of the controlling shareholder of the Company, a special general meeting of the Company to approve the Disposal is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

#### **GENERAL**

A circular containing, among other things, (i) further details of the Disposal; (ii) the financial information of the Group; (iii) an independent valuation report on the Property; and (iv) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 July 2023.

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#### **THE SALE AND PURCHASE AGREEMENT**

Principal terms of the Sale and Purchase Agreement are set out as follows:

**a) Date**

28 June 2023

**b) Parties**

(i) SiSJP9 TMK, an indirect wholly-owned subsidiary of the Company, as the Seller; and

(ii) the Purchaser.

## **Information of the Trust Beneficial Interest**

The Trust Beneficial Interest of the Company in the Property is held under a tokutei mokuteki kaisha (“**TMK**”) arrangement (a common real estate investment structure for foreign investors under Japanese law).

Subject to the terms and conditions of the Sale and Purchase Agreement, the Seller shall sell and the Purchaser shall acquire the Trust Beneficial Interest of the Property, including land and building, furniture, fixtures and equipment, located in Tokyo, Japan. The Property is a budget-type hotel with a gross floor area of 2,093.37 square meters. The Property has been vacant since June 2020.

The Property under the Trust Beneficial Interest was valued at JPY1,320,000,000 (equivalent to approximately HK\$79,200,000) as at 31 May 2023 by an independent professional valuer.

## **Consideration and payment terms**

The consideration for the Disposal is JPY2,536,250,000 (including consumption taxes) (equivalent to approximately HK\$152,175,000), which has been paid or will be payable by the Purchaser to the Seller under the terms and conditions of the Sale and Purchase Agreement in the following manner:

- (a) an initial deposit of JPY253,625,000 (equivalent to approximately HK\$15,217,500), representing 10% of the consideration, has been paid by the Purchaser upon signing of the Sale and Purchase Agreement; and
- (b) the remaining balance of the consideration of JPY2,282,625,000 (equivalent to approximately HK\$136,957,500) shall be paid by the Purchaser on the date of Completion.

The consideration for the Trust Beneficial Interest was arrived at after arm’s length negotiations between the parties and determined with reference to (i) the cost-plus pricing basis with reference to the investment cost and acquisition expenses of the Property; (ii) the valuation of the Property as at 31 May 2023 prepared by an independent professional valuer using the discounted cash flow approach and also considered the income capitalization approach, being approximately JPY1,320,000,000 (equivalent to approximately HK\$79,200,000); and (iii) the prevailing market conditions.

## **Conditions Precedent**

The Completion shall be subject to or conditional upon the following:

- (i) The parties’ representations and warranties set out thereof are true as of the execution date of the Sale and Purchase Agreement and the Completion date;

- (ii) All obligations to be performed on or before the Completion date thereunder have all been performed and there is no breach of the Sale and Purchase Agreement; and
- (iii) The Trustee's consent is obtained.

If the conditions under the Sale and Purchase Agreement have not been fulfilled (or waived at the Seller's absolute discretion) for whatever reason, the Disposal shall cease and terminate, and thereafter neither party shall have any rights, obligations and liability towards each other thereunder save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

### **Completion**

Upon Completion, the Trust Beneficial Interest in the Property as the underlying entrusted asset will be transferred to the Purchaser. Subject to satisfaction of the conditions pursuant to the Sale and Purchase Agreement, completion of the Disposal shall take place on 14 July 2023 or a date otherwise agreed upon in writing between the Purchaser and the Seller. The Property will be delivered on an "as-is" basis on the date of Completion.

### **INFORMATION ON THE SELLER AND THE COMPANY**

The Seller, an indirect wholly-owned subsidiary of the Company, is a property investment company.

The Company is an investment holding company and its subsidiaries are principally engaged in real estate investment, mobile and IT products distribution as well as investments in assets and businesses.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in Japan and listed on the Tokyo Securities Exchange in Japan. The Purchaser is principally engaged in real estate business which include the real estate development; real estate solution; and other businesses.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Party.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors have considered the current financial position and business operation of the Company, and the overall economy and property market in Japan, and are of the opinion that the current rebound in Japan's property market presents a good opportunity for the Company and the Disposal represents a favourable opportunity to realise the value of the Property at a reasonable price. In addition, the proceeds from the Disposal will strengthen the financial position of the Company and increase the general working

capital of the Company. The Disposal will allow the Company to realize its property investment and reallocate its financial resources to other business development and other real estate investment opportunities.

Taking into account the above factors, the Directors consider that the terms and conditions of the Sale and Purchase Agreement and the Disposal are conducted in the ordinary course of the Company's property investment business and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

As at 31 May 2023, the book value of the Property was approximately JPY1,320,000,000 (equivalent to approximately HK\$79,200,000), equivalent to the fair value of the Property valued by independent professional valuer.

The Group is expected to recognize a gain on disposal of the Property of approximately JPY1,095,000,000 (equivalent to approximately HK\$65,700,000) (being the difference between the consideration without consumption tax for the Disposal over the fair value of the Property and deducted direct disposal expenses).

The net proceeds arising from the Disposal will be approximately JPY2,415,000,000 (equivalent to approximately HK\$144,900,000) (after deducting consumption taxes and direct expenses in relation to the Disposal). The Group intends to use the net proceeds from the Disposal as to approximately JPY1,224,163,000 (equivalent to approximately HK\$73,450,000) for repayment of bank loans and as to approximately JPY1,190,837,000 (equivalent to approximately HK\$71,450,000) for the potential investment opportunities and the general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Disposal. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Disposal under the Sale and Purchase Agreement.

As at the date of this announcement, Gold Sceptre Limited, the controlling shareholder of the Company, is the registered holder of and beneficially interested in a total of 140,360,000 Shares, representing approximately 50.5% of the issued share capital of the Company. As at the date of this announcement, the Company has obtained a written approval of the Disposal from Gold Sceptre Limited. By reason of the written approval of the controlling shareholder of the Company, a special general meeting of the Company to approve the Disposal is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

## **GENERAL**

A circular containing, among other things, (i) further details of the Disposal; (ii) the financial information of the Group; (iii) an independent valuation report on the Property; and (iv) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 July 2023.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“%”	per cent
“Board”	the board of Directors
“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)
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Trust Beneficial Interest contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best knowledge and belief of the Directors as the case may be, having made all reasonable enquiries, is or are third party(ies) independent of and not connected with the Group, as the case maybe, and their respective connected persons (as defined in the Listing Rules)

“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	the land and building, furniture, fixtures, and equipment located at 11-10, 2-chome, Tsukiji, Chuo-ku, Tokyo, Japan
“Purchaser”	a company incorporated in Japan and listed on the Tokyo Securities Exchange in Japan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 June 2023 entered between the Seller and the Purchaser in relation to the Disposal
“Seller”/“SiSJP9 TMK”	SiSJP9 Tokutei Mokuteki Kaisha, a company incorporated in Japan with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	Shareholders of the Company, holders of the ordinary shares of HK\$0.10 each of the Company
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	the trustee under the trust agreement of the Trust Beneficial Interest dated on 11 March 2015
“Trust Beneficial Interest”	the trust beneficial interest of the Property located in Tokyo, Japan

*The exchange rate adopted for the purpose of this announcement is HK\$0.06 to JPY1. 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**  
**Chiu Lai Chun, Rhoda**  
*Company Secretary*

Hong Kong, 28 June 2023

*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. Ma Shiu Sun Michael and Ms. Ng See Wai Rowena.*

\* *For identification purposes only*