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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 2023

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 2023 together with comparative figures for the corresponding year in 2022 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		9,067,962	9,227,729
Cost of sales		(8,399,374)	(8,609,309)
Gross profit		668,588	618,420
Other income		43,619	31,430
Other gains and losses, net	3	(48,481)	(26,666)
Selling and distribution expenses		(239,774)	(205,741)
Administrative expenses		(183,065)	(138,699)
Gain (loss) from changes in fair value of financial instruments at fair value through profit or loss (“FVTPL”)		126,517	(46,451)
Net (loss) gain from changes in fair value of investment properties		(47,074)	21,232
Impairment loss under expected credit loss model, net of reversal		(11,737)	(23,401)
Share of results of associates		9,699	5,717
Finance costs		(78,971)	(56,960)
Profit before tax		239,321	178,881
Income tax expense	4	(78,909)	(68,026)
Profit for the year	5	160,412	110,855
Profit for the year attributable to:			
Owners of the Company		88,719	44,460
Non-controlling interests		71,693	66,395
		160,412	110,855

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 December 2023

	Note	2023 HK Cents	2022 HK Cents
Earnings per share	7		
- Basic		<u>31.9</u>	<u>16.0</u>
- Diluted		<u>31.9</u>	<u>16.0</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	<u>160,412</u>	<u>110,855</u>
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(9,379)	13,272
Adjustment on actuarial assumptions on retirement benefits obligations	<u>2,750</u>	<u>2,809</u>
	<u>(6,629)</u>	<u>16,081</u>
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- Subsidiaries	(12,482)	(71,179)
- Associates	<u>(3,838)</u>	<u>(13,588)</u>
	<u>(16,320)</u>	<u>(84,767)</u>
Other comprehensive expense for the year	<u>(22,949)</u>	<u>(68,686)</u>
Total comprehensive income for the year	<u>137,463</u>	<u>42,169</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	60,601	(7,625)
Non-controlling interests	<u>76,862</u>	<u>49,794</u>
	<u>137,463</u>	<u>42,169</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current Assets			
Investment properties		3,376,893	3,764,871
Property, plant and equipment		643,893	673,004
Right-of-use assets		38,823	29,310
Goodwill		126,406	126,406
Interests in associates		97,158	94,788
Financial instruments at fair value through profit or loss ("FVTPL")		330,571	188,412
Equity instruments at FVTOCI		38,367	47,296
Deferred tax assets		88,864	80,753
Other financial assets		4,265	4,577
Other assets		2,500	2,500
Trade receivables	8	46,614	-
		<u>4,794,354</u>	<u>5,011,917</u>
Current Assets			
Inventories		829,964	1,062,338
Trade and other receivables, deposits and prepayments	8	1,600,744	1,504,190
Amount due from an associate		276	292
Tax recoverable		3,718	5,193
Financial instruments at FVTPL		87,890	86,419
Pledged deposits		323,234	308,016
Cash and cash equivalents		961,129	862,086
		<u>3,806,955</u>	<u>3,828,534</u>
Current Liabilities			
Trade payables, other payables and accruals	9	1,018,635	929,323
Contract liabilities		14,956	17,480
Lease liabilities		19,079	15,651
Advance lease payments		1,253	1,482
Amount due to an associate		20	19
Derivative financial instruments		3,600	11,817
Tax payable		31,243	24,483
Bank borrowings		2,394,193	2,549,538
Bonds		36,532	59,586
Rental deposits		11,660	12,835
		<u>3,531,171</u>	<u>3,622,214</u>
Net Current Assets		<u>275,784</u>	<u>206,320</u>
Total Assets less Current Liabilities		<u>5,070,138</u>	<u>5,218,237</u>
Non-current Liabilities			
Lease liabilities		39,500	38,767
Advance lease payments		19,862	24,065
Bank borrowings		628,680	844,315
Bonds		106,632	172,097
Rental deposits		73,863	83,527
Deferred tax liabilities		129,996	111,805
Retirement benefits obligations		18,969	18,827
		<u>1,017,502</u>	<u>1,293,403</u>
Net Assets		<u>4,052,636</u>	<u>3,924,834</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Capital and Reserves		
Share capital	27,797	27,797
Share premium	73,400	73,400
Other reserves	(131,372)	(100,109)
Retained profits	<u>3,445,460</u>	<u>3,355,559</u>
Equity attributable to owners of the Company	3,415,285	3,356,647
Non-controlling interests	<u>637,351</u>	<u>568,187</u>
Total Equity	<u>4,052,636</u>	<u>3,924,834</u>

*Notes:***1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

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

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 (Hong Kong and Thailand), property investment and hotel operations (Japan and other regions) and securities investment. Segment liabilities have not been presented as these are not presented to the CODM.

Segment revenue and results

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

	2023					Consolidated
	Distribution of mobile and IT products		Property investment and hotel operations		Securities investment	
	Hong Kong HK\$'000	Thailand HK\$'000	Japan HK\$'000	Other regions HK\$'000	HK\$'000	
<i>Segment revenue</i>						
- Revenue from contracts with customers	2,625,286	6,132,169	162,656	-	-	8,920,111
- Leasing of investment properties	-	-	123,697	24,154	-	147,851
External sales	<u>2,625,286</u>	<u>6,132,169</u>	<u>286,353</u>	<u>24,154</u>	<u>-</u>	<u>9,067,962</u>
<i>Segment profit (loss)</i>	<u>29,999</u>	<u>204,225</u>	<u>110,919</u>	<u>(137,620)</u>	<u>128,741</u>	336,264
Share of results of associates						9,699
Finance costs						(78,971)
Other unallocated income						22,979
Unallocated corporate expenses						<u>(50,650)</u>
Profit before tax						<u>239,321</u>

2. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	2022					
	Distribution of mobile and IT products		Property investment and hotel operations		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	2,522,828	6,455,459	79,318	-	-	9,057,605
- Leasing of investment properties	-	-	142,063	28,061	-	170,124
External sales	<u>2,522,828</u>	<u>6,455,459</u>	<u>221,381</u>	<u>28,061</u>	<u>-</u>	<u>9,227,729</u>
<i>Segment profit (loss)</i>	<u>45,891</u>	<u>206,976</u>	<u>83,805</u>	<u>(14,295)</u>	<u>(44,600)</u>	277,777
Share of results of associates						5,717
Finance costs						(56,960)
Other unallocated income						8,472
Unallocated corporate expenses						<u>(56,125)</u>
Profit before tax						<u>178,881</u>

Segment profit reported to the CODM for the purposes of resource allocation and performance assessment does not include unallocated corporate expenses, share of results of associates, other unallocated income and finance costs.

3. OTHER GAINS AND LOSSES, NET

	2023 HK\$'000	2022 HK\$'000
Exchange loss, net	(16,140)	(14,609)
Gain on disposal of property, plant and equipment	51	33
Gain (loss) from changes in fair value of derivative financial instruments	8,212	(12,090)
Impairment loss of property, plant and equipment	<u>(40,604)</u>	<u>-</u>
	<u>(48,481)</u>	<u>(26,666)</u>

4. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current year	2,127	4,179
Underprovision in prior years	89	66
	<u>2,216</u>	<u>4,245</u>
Overseas Tax:		
Current year	58,919	43,467
Underprovision in prior years	66	78
Withholding tax on declared dividend income	3,256	3,040
	<u>62,241</u>	<u>46,585</u>
Deferred taxation	<u>14,452</u>	<u>17,196</u>
	<u>78,909</u>	<u>68,026</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the quantifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Corporate Tax in Japan is calculated at 23.2% (2022: 23.2%) on the estimated assessable profit for the year. 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.

Corporate Tax in Thailand is calculated at 20% (2022: 20%) on the estimated assessable profit for the year.

5. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including write-down of inventories of HK\$31,032,000 (2022: HK\$10,711,000))	8,218,914	8,449,634
Depreciation of property, plant and equipment	35,162	30,816
Depreciation of right-of-use assets	14,275	12,508
Interest on bank borrowings	73,415	51,050
Interest on bonds	2,300	3,044
	<u> </u>	<u> </u>
and after crediting:		
Net rental income	91,517	112,920
Interest income from bank deposits	26,782	7,493
Dividend income from equity instruments at FVTOCI	655	979
Dividend income from financial instruments at FVTPL	1,568	872
	<u> </u>	<u> </u>

6. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend recognised as distribution during the year ended		
Final dividend, paid in respect of the year ended 31 December 2022 of 2.0 HK cents per share (2022: Final dividend paid in respect of the year ended 31 December 2021 of 2.0 HK cents per share)	5,559	5,559
	<u> </u>	<u> </u>

A final dividend of 2.0 HK cents per share amounting to HK\$5,559,000 for the year ended 31 December 2023 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 basic and diluted earnings per share are based on the Group's profit attributable to owners of the Company of HK\$88,719,000 (2022: HK\$44,460,000) and the weighted average number of ordinary shares calculated below.

	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	277,966,666	277,966,666
	<u> </u>	<u> </u>

The computation of diluted earnings per share for the year ended 31 December 2023 and 2022 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 are higher than the average market prices of the shares of the Company and SiS Mobile for both years.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the trade and other receivables, deposits and prepayments are trade and lease receivables of HK\$1,432,992,000 (2022: HK\$1,305,514,000). The following is an analysis of trade 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 at the end of the reporting period.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	605,812	568,092
31 to 90 days	519,817	509,510
91 to 120 days	63,493	60,638
Over 120 days	<u>243,870</u>	<u>167,274</u>
Trade and lease receivables	<u><u>1,432,992</u></u>	<u><u>1,305,514</u></u>
Analysed as		
Current portion	1,386,378	1,305,514
Non-current portion (Note)	<u>46,614</u>	<u>-</u>
	<u><u>1,432,992</u></u>	<u><u>1,305,514</u></u>

Note: The trade receivables classified as non-current based on expected settlement dates by instalment schedule.

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 usually 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\$605,203,000 (2022: HK\$578,198,000). The following is an aged analysis of the trade payables, based on the invoice date, at the end of the reporting period.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	490,263	437,838
31 to 90 days	104,394	122,268
91 to 120 days	1,368	5,352
Over 120 days	<u>9,178</u>	<u>12,740</u>
Trade payables	<u><u>605,203</u></u>	<u><u>578,198</u></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.

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 2.0 HK cents per share (the “Final Dividend”) payable to shareholders on the register of members on 4 July 2024. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 18 July 2024.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 3 July and 4 July 2024, 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 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 2 July 2024.

BUSINESS REVIEW

Amid challenges, our strategic initiatives and resilient business approach have yielded commendable results. Notably, our net profit experienced an increase of 45%, reaching HK\$160.4 million for the year ended 31 December 2023 when compare to the previous year of HK\$110.9 million, even though there was a moderate reduction in revenue from HK\$9.23 billion to HK\$9.07 billion for the year ended 31 December 2023. The net asset value per share rose from HK\$14.1 to HK\$14.6 as at 31 December 2023 and earnings per share grew from HK 16.0 cents to HK 31.9 cents for the year ended 31 December 2023.

Financial Highlights

- Net Profit for the year: up 45 % to HK\$160,412,000 in 2023 from HK\$110,855,000.
- Revenue: reduced 2% from HK\$9.23 billion to HK\$9.07 billion in 2023.
- Net Asset Value Per Share: up 3.5 % from HK\$ 14.1 in 2022 to HK\$ 14.6 in 2023.
- Earnings Per Share: up 99 % from HK cents 16.0 to HK cents 31.9 cents in 2023

The global business landscape is navigating the aftermath of the COVID-19 pandemic, witnessing a gradual recovery in the tourism sector. However, geopolitical tensions, conflicts in Ukraine and Gaza, and persistently high interest rates continue to impact economic recovery. Despite these challenges, our Group has demonstrated resilience and adaptability, positioning ourselves for sustained performance.

Distribution Business

The distribution sector faced a decline in revenue due to reduced demand for smartphones, mirroring a similar trend in both Thailand and Hong Kong, resulting in a decrease in total distribution revenue from HK\$8,978,287,000 to HK\$8,757,455,000. We continue to diversify and expand our distribution of IT products and value-added services.

SiS Distribution (Thailand) Public Company Limited contributed HK\$204,225,000 to the segment profit while experiencing reduction in revenue due to declining smartphone demand. In Hong Kong, a similar trend occurred for the demand of mobile phone while our revenue in Hong Kong continued to grow moderately for IT solution products and value-added services.

Real Estate Investments Business

As of 31 December 2023, the carrying value of properties in Japan amounted to HK\$2.28 billion. The combined value of investment properties in Hong Kong, Singapore, and Thailand amounted to HK\$1.42 billion. Revenue from rental leases and hotel operations in Japan witnessed a growth of 29%, fueled by the burgeoning tourism industry. As part of our strategic asset enhancement, we disposed of a hotel property in Tsukiji, Japan, resulting in a gain of HK\$61,050,000. We remain committed to seeking quality hospitality properties to enhance our real estate portfolio while disposing of lower potential or lower yield properties.

In Hong Kong, challenging conditions in the office space and commercial properties rental market led to a rental revenue decrease and a fair value loss of HK\$158,642,000. On 28 February 2024, all cooling measure on the Hong Kong property market including buyer's stamp Duty (BSD) have been removed by the Hong Kong government in order to revive market and to boost sluggish economy.

Investment in IT, Securities and other Businesses

The Group achieved a significant segment gain of HK\$128,741,000 in securities investments and holdings, marking a turnaround from the previous year as the technology stock market began to rebound. Our associated company in Bangladesh, IT Consultants PLC demonstrated a remarkable 70% increase in contribution to the Group, reaching HK\$9,699,000 in 2023.

Asset Management

In 2023, we observed the valuation of numerous technology startups and growth companies readjusting to a more reasonable level, aligning with prevailing market conditions. The performance of SiS Cloud Global Tech Fund 8 is particularly encouraging, given its focus on key segments such as cloud computing, Software as a Service (SaaS), cyber security, and artificial intelligence (AI). Despite some holdings still being in the growth stage, the value of several of our portfolio companies has increased.

We maintain an active stance in pursuing opportunities to invest in high-quality startups and growing technology companies within these sectors.

PROSPECT

Despite global challenges, including geopolitical tensions, inflation, rising interest rates, and increased living costs, the Group is moving forward cautiously.

Our directors are actively exploring new opportunities, recognizing growth potential in expanding our distribution business, and real estate investment in hotel properties during uncertain times. With a diverse hospitality portfolio in Japan, we aim to capitalize on the growing demand from both corporate and leisure travelers. Our asset management funds stand ready to invest in start-up technology and growth companies at reduced valuations that offer significant long-term growth potential.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2023, the Group had total assets of HK\$8,601,309,000 which were financed by total equity of HK\$4,052,636,000 and total liabilities of HK\$4,548,673,000. The Group had a current ratio of approximately 1.08 compared to that of approximately 1.06 at 31 December 2022.

As at year end 2023 the Group had HK\$1,284,363,000 (2022: HK\$1,170,102,000) bank deposits balances and cash of which HK\$323,234,000 (2022: HK\$308,016,000) was 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 31 December 2023, the Group had short term borrowings and bonds of HK\$2,430,725,000 (2022: HK\$2,609,124,000) and long term borrowings and bonds of HK\$735,312,000 (2022: HK\$1,016,412,000). The borrowings were mainly denominated in Japanese Yen, Thai Baht, United States Dollar and Hong Kong Dollar, and were charged by banks at floating interest rates.

At the end of December 2023, the Group had a net cash deficit (total bank borrowings and bonds, less bank balances and cash and pledged deposits) of HK\$1,881,674,000 (2022: HK\$2,455,434,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2023 was 78% (2022: 92%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK\$323,234,000 (2022: HK\$308,016,000), investment properties with carrying value of HK\$3,272,114,000 (2022: HK\$3,656,586,000) and property, plant and equipment with carrying value of HK\$557,663,000 (2022: HK\$571,456,000) were pledged to banks to secure general banking facilities granted to the Group and for purchase of real estates and working capital. Certain shares of subsidiaries have been pledged to the banks as at 31 December 2022 and 2023 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 2023 was 1,160 (2022: 1,022) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK\$252,054,000 (2022: HK\$212,421,000) for the year ended 31 December 2023. 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 2023, no share options have been granted or 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 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 2023, the Group had outstanding forward contracts of notional amount HK\$160,220,000 (2022: HK\$193,307,000) which were measured at fair value at the reporting date.

Contingent Liabilities

At 31 December 2023, the Group did not have any contingent liabilities or guarantees (31 December 2022: Nil).

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 2023 annual report.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2023, except for the Code B.2.2 and C.2.1 as disclosed in pages 10 and 11 of the Group's 2022 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 C3 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 2023, 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 2023 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 2023.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

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 2023 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 2024.

APPRECIATION

On behalf of the Board, I express sincere gratitude to our staff, customers, vendors, business partners, banks, and shareholders for their unwavering commitment and dedication, particularly during challenging market conditions. Their support, combined with the efforts of the senior management team, has enabled us to conduct business effectively in this dynamic environment.

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

Hong Kong, 25 March 2024

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, Ms. Ng See Wai Rowena and Ms. Tan Song Ping.