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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 2020

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 2020 together with comparative figures for the corresponding year in 2019 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		7,576,117	6,415,933
Cost of sales		(6,945,806)	(5,863,267)
Gross profit		630,311	552,666
Other income		44,135	56,141
Other gains and losses, net	4	3,820	(17,384)
Distribution costs		(190,863)	(184,736)
Administrative expenses		(139,231)	(158,306)
Loss from changes in fair value of investment properties		(556,649)	(13,115)
Listing expenses		-	(6,029)
Impairment loss under expected credit loss model, net of reversal		(32,115)	(4,072)
Share of results of associates		6,313	4,622
Finance costs		(63,664)	(72,010)
(Loss) profit before taxation		(297,943)	157,777
Income tax credit (expense)	5	44,092	(36,565)
(Loss) profit for the year	6	(253,851)	121,212
(Loss) profit for the year attributable to:			
Owners of the Company		(310,035)	78,781
Non-controlling interests		56,184	42,431
		(253,851)	121,212

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK Cents</i>	2019 <i>HK Cents</i>
(Loss) earnings per share	8		
- Basic		<u>(111.5)</u>	<u>28.3</u>
- Diluted		<u>(111.5)</u>	<u>28.3</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss) profit for the year	<u>(253,851)</u>	<u>121,212</u>
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income	<u>(13,654)</u>	<u>182</u>
Items that may be reclassified to profit or loss		
Exchange realignment arising on translation of foreign operations		
- Subsidiaries	<u>32,681</u>	<u>39,484</u>
- Associates	<u>(162)</u>	<u>(579)</u>
	<u>32,519</u>	<u>38,905</u>
Other comprehensive income for the year	<u>18,865</u>	<u>39,087</u>
Total comprehensive (expense) income for the year	<u>(234,986)</u>	<u>160,299</u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	<u>(296,123)</u>	<u>105,511</u>
Non-controlling interests	<u>61,137</u>	<u>54,788</u>
	<u>(234,986)</u>	<u>160,299</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current Assets			
Investment properties		4,452,242	5,004,030
Property, plant and equipment		703,076	514,369
Right-of-use assets		47,153	63,648
Goodwill		126,406	126,406
Interests in associates		113,325	108,202
Equity instruments at fair value through profit or loss ("FVTPL")		182,551	176,189
Equity instruments at fair value through other comprehensive income ("FVTOCI")		78,748	91,495
Deferred tax assets		84,257	78,567
Other financial assets		8,212	13,078
Other assets		2,500	2,500
		<u>5,798,470</u>	<u>6,178,484</u>
Current Assets			
Inventories		661,795	824,832
Trade and other receivables, deposits and prepayments	9	1,396,298	1,188,188
Amount due from an associate		353	355
Tax recoverable		55	112
Equity instruments at fair value through profit or loss		16,901	14,362
Pledged deposits		450,733	454,759
Bank balances and cash		795,110	668,091
		<u>3,321,245</u>	<u>3,150,699</u>
Current Liabilities			
Trade payables, other payables and accruals	10	976,548	810,057
Contract liabilities		33,654	22,871
Lease liabilities		18,156	18,348
Advance lease payments		1,883	2,734
Amounts due to an associate		62	1,382
Derivative financial instruments		2,078	975
Tax payable		34,416	23,696
Bank borrowings		2,596,684	2,472,273
Bonds		74,983	-
Rental deposits		18,530	34,613
		<u>3,756,994</u>	<u>3,386,949</u>
Net Current Liabilities		<u>(435,749)</u>	<u>(236,250)</u>
Total Assets less Current Liabilities		<u>5,362,721</u>	<u>5,942,234</u>
Non-current Liabilities			
Lease liabilities		71,002	90,185
Advance lease payments		36,837	50,911
Bank borrowings		1,086,566	1,233,510
Bonds		216,826	277,782
Rental deposits		102,607	90,904
Deferred tax liabilities		118,788	203,738
Retirement benefits obligations		19,018	21,984
		<u>1,651,644</u>	<u>1,969,014</u>
Net Assets		<u><u>3,711,077</u></u>	<u><u>3,973,220</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
 AT 31 DECEMBER 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Capital and Reserves		
Share capital	27,797	27,797
Share premium	73,400	73,400
Other reserves	21,496	7,584
Retained profits	<u>3,185,837</u>	<u>3,501,431</u>
Equity attributable to owners of the Company	3,308,530	3,610,212
Non-controlling interests	<u>402,547</u>	<u>363,008</u>
Total Equity	<u>3,711,077</u>	<u>3,973,220</u>

Notes:

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENT

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$435,749,000 as at 31 December 2020. The directors of the Company 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 of the Company, the Group has a number of sources of funds available to enable its obligation and commitments to be settled on a timely manner. In addition, the Group will be able to withdraw the unutilised bank facilities or obtain additional financing from financial institutions by taking into account the carrying amount of the Group's assets which have not been pledged. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19 Related Rent Concessions*.

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

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

3. 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:

	2020					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>						
External sales	<u>1,751,192</u>	<u>5,541,467</u>	<u>239,348</u>	<u>44,110</u>	-	<u>7,576,117</u>
<i>Segment profit (loss)</i>	<u>16,792</u>	<u>194,636</u>	<u>(325,491)</u>	<u>(104,636)</u>	<u>9,605</u>	<u>(209,094)</u>
Share of results of associates						6,313
Finance costs						(63,664)
Other unallocated income						8,480
Unallocated corporate expenses						<u>(39,978)</u>
Loss before taxation						<u>(297,943)</u>
	2019					
	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>						
External sales	<u>999,554</u>	<u>5,136,972</u>	<u>235,142</u>	<u>44,265</u>	-	<u>6,415,933</u>
<i>Segment profit (loss)</i>	<u>20,588</u>	<u>147,521</u>	<u>78,589</u>	<u>53,834</u>	<u>(28,298)</u>	<u>272,234</u>
Share of results of associates						4,622
Listing expenses						(6,029)
Finance costs						(72,010)
Other unallocated income						12,313
Unallocated corporate expenses						<u>(53,353)</u>
Profit before taxation						<u>157,777</u>

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of central administration costs and corporate expenses, listing expenses, share of results of associates, finance costs and other unallocated income.

4. OTHER GAINS AND LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange gain, net	21,282	1,504
Gain (loss) on disposal of property, plant and equipment	20	(1,829)
Gain (loss) from changes in fair value of equity instruments at FVTPL	8,015	(31,181)
Impairment loss on property, plant and equipment	(24,445)	(15,539)
Loss from changes in fair value of derivate financial instruments	(1,052)	(339)
Reversal of provision for litigation and other related expenses	-	30,000
	<u>3,820</u>	<u>(17,384)</u>

5. INCOME TAX (CREDIT) EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong	1,340	690
Overseas:		
Corporate tax	47,838	39,228
Withholding tax on declared dividend income	1,638	1,559
	<u>50,816</u>	<u>41,477</u>
(Over)under provision in prior years		
Hong Kong	(75)	2,272
Overseas	403	(33)
	<u>328</u>	<u>2,239</u>
	51,144	43,716
Deferred taxation	<u>(95,236)</u>	<u>(7,151)</u>
	<u>(44,092)</u>	<u>36,565</u>

Under the two-tiered profits tax rates regime, 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%.

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

Corporate Tax in Japan is calculated at 23.2% (2019: 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% (2019: 20%) on the estimated assessable profit for the year.

6. (LOSS) PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including write-down of inventories of HK\$7,068,000 (2019: HK\$4,595,000))	6,831,325	5,752,953
Depreciation of property, plant and equipment	27,731	24,962
Depreciation of right-of-use assets	12,019	11,421
Interest on bank borrowings and bonds	59,897	68,634
Interest on leases liabilities	1,991	1,649
Interest on rental deposits	1,776	1,727
	<u>6,831,325</u>	<u>5,752,953</u>
and after crediting:		
Dividend income from equity instruments at FVTOCI	506	831
Dividend income from equity instruments at FVTPL	1,083	2,052
Interest income from bank deposits	6,042	12,322
	<u>6,042</u>	<u>12,322</u>

7. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2019 of 2.0 HK cents per share (2019: 7.0 HK cents per share in respect of the year ended 31 December 2018)	5,559	19,458
	<u>5,559</u>	<u>19,458</u>

No dividend or distribution has been declared or made by the Company for the year ended 31 December 2020.

8. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share is based on the Group's loss (2019: profit) attributable to owners of the Company of HK\$310,035,000 (2019: HK\$78,781,000) and the weighted average number of ordinary shares calculated below.

	2020	2019
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	277,966,666	277,966,666
	<u>277,966,666</u>	<u>277,966,666</u>

The computation of diluted (loss) earnings per share for the year ended 31 December 2020 and 2019 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.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the trade and other receivables, deposits and prepayments are trade and lease receivables of HK\$1,140,984,000 (2019: HK\$982,633,000). The following is an aged analysis of trade and lease receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	692,204	469,723
31 to 90 days	312,534	426,720
91 to 120 days	44,077	39,709
Over 120 days	92,169	46,481
Trade and lease receivables	<u>1,140,984</u>	<u>982,633</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.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$644,691,000 (2019: HK\$525,265,000). The following is an aged analysis of the trade payables, presented based on the invoice date, at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	489,415	368,688
31 to 90 days	137,924	144,271
91 to 120 days	7,739	2,856
Over 120 days	9,613	9,450
Trade payables	<u>644,691</u>	<u>525,265</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.

11. CAPITAL COMMITMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Investment in unquoted equity instruments	234	780
Refurbishment of investment properties	<u>5,612</u>	<u>37,759</u>

FINAL DIVIDEND

Directors do not recommend payment of dividend for the year ended 31 December 2020.

BUSINESS REVIEW

This was an unprecedented year and had not been easy one as we faced the Coronavirus (Covid-19), trade war and unstable financial markets. Covid-19 pandemic continued to disrupt businesses around the world and recovery is taking longer than expected. After a year, we are still in the midst of the pandemic.

For the year, the revenue grew 18% to HK\$7,576 million with 14% increase in gross profit, the Group reported a loss after tax of HK\$253,851,000 due mainly by a fair value loss of HK\$581,094,000 (2019: fair value loss HK\$28,654,000) from its investment properties and properties, plants and equipment, including hospitality properties. Except for the fair value losses, the Group maintained positive segment profit from all the businesses

Total assets of the Group decreased 2% to HK\$9,120 million. Net assets value per share decreased from HK\$14.3 to HK\$13.4.

Real Estate Investments Business

The Group added two (2) hotel properties in Japan in the early part of the year bringing it to a total of twenty two (22). Carrying value of all properties in Japan stood at HK\$3,152 million as at 31 December 2020 while the value of investment properties in Hong Kong, Singapore and Thailand amounted to HK\$1,653 million

The segment revenue is comprised of all leasing income in Japan, Hong Kong and Singapore as well as hotel operations income from hospitality properties in Japan. Total lease and hotel operation income from real estate investment business rose marginally to HK\$283,458,000 during the year.

The pandemic has brought about profound impact to world economy. Japan suffered its worst ever crisis in its tourism and hospitality sectors when countries close their borders to attempt to stifle and control the pandemic. As a result, the Group recorded loss of HK\$556,649,000 (2019: HK\$13,115,000) from change in fair valuation of investment properties and an impairment loss of HK\$24,445,000 (2019: HK\$15,539,000) from property, plant and equipment. The fair value changes are non-cash in nature. We believe the long-term value of these properties remain positive. Segment profit (excluding change in fair value loss of properties and listing fee) amounted to HK\$150,967,000 compared with HK\$167,106,000 last year.

Distribution Business

During the year, total revenue from distribution business grew 19% from HK\$6,136,526,000 to HK\$7,292,659,000 as compared to the preceding year attributed primarily to the expansion of product range and sale channels actively. We continued to perform well during the pandemic with growth being derived from SiS Thailand and SiS Mobile. SiS Mobile reversed its losses from previous year and was profitable as it continued to expand into new channels of business. As a result, total segment profit of distribution business increased 26% to HK\$211,428,000.

Investment in IT, Securities and other Businesses

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\$9,605,000 as compared to a loss of HK\$28,298,000 in the last corresponding year. The Group will continue to hold on to its securities portfolio and 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 2021.

The pandemic has ravaged economies worldwide and severely affected businesses in many sectors especially so in the travel, tourism and hospitality related industry. After a difficult year, there are causes of optimism in 2021. The acceleration of global roll-out of the vaccine will provide an opportunity to get Covid-19 under control and gradually lift businesses and give rise to global economic recovery and travel resumption in the foreseeable future.

Adapting to these challenges, the directors are moving ahead cautiously amid the pandemic situation. The Group will continue to manage its business costs cautiously in tandem with market changes and transform our business to meet the changing life style and market conditions.

Life and businesses will not be the same again. We hope that the sky will open again and return to normalcy sometime in the near future.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2020, the Group had total assets of HK\$9,119,715,000 which were financed by total equity of HK\$3,711,077,000 and total liabilities of HK\$5,408,638,000. The Group had a current ratio of approximately 0.88 compared to that of approximately 0.93 at 31 December 2019.

As at year end 2020 the Group had HK\$1,245,843,000 (2019: HK\$1,122,850,000) bank deposits balances and cash of which HK\$450,733,000 (2019: HK\$454,759,000) 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 2020, the Group had short term borrowings and bonds of HK\$2,671,667,000 (2019: HK\$2,472,273,000) and long term borrowings and bonds of HK\$1,303,392,000 (2019: HK\$1,511,292,000). 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 2020, the Group had a net cash deficit (total bank borrowings and bonds, less bank balances and cash and pledged deposits) of HK\$2,729,216,000 (2019: HK\$2,860,715,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2020 was 107% (2019: 100%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK\$450,733,000 (2019: HK\$454,759,000), investment properties with carrying value of HK\$4,199,372,000 (2019: HK\$4,705,311,000) and property, plant and equipment with carrying value of HK\$307,627,000 (2019: HK\$344,743,000) 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 2019 and 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 31 December 2020 was 765 (2019: 700) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK\$175,944,000 (2019: HK\$179,333,000) for the year ended 31 December 2020. 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 2020, 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 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 2020 the Group had outstanding forward contracts of notional amount HK\$117,133,000 (2019: HK\$226,239,000) which were measured at fair value at the reporting date.

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 2020 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 2020, 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 2019 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 2020, 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 2020 have been agreed by the Group’s external auditor.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu in this preliminary announcement.

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 2020.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

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 2020 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 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, 26 March 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.