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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 together with comparative figures for the corresponding period in 2022. The interim report has been reviewed by the Company’s auditors and audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended	
		30 June 2023 HK\$'000	30 June 2022 HK\$'000
Revenue	3	4,371,945	4,781,051
Cost of sales		<u>(4,082,249)</u>	<u>(4,471,224)</u>
Gross profit		289,696	309,827
Other income		18,824	15,285
Other gains and losses, net	4	(11,591)	(21,954)
Distribution costs		(117,396)	(108,789)
Administrative expenses		(73,389)	(73,330)
(Loss) gain from changes in fair value of investment properties		(13,115)	59,183
Gain (loss) from changes in fair value of equity instruments at fair value through profit or loss (“FVTPL”)		28,484	(86,237)
Impairment losses under expected credit loss model, net of reversal		(14,775)	(12,939)
Share of results of associates		2,340	2,344
Finance costs		<u>(36,791)</u>	<u>(25,357)</u>
Profit before taxation		72,287	58,033
Income tax expense	5	<u>(20,468)</u>	<u>(31,334)</u>
Profit for the period	6	<u>51,819</u>	<u>26,699</u>

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended	
		30 June 2023 HK\$'000	30 June 2022 HK\$'000
Profit (loss) for the period attributable to:			
Owners of the Company		20,380	(9,460)
Non-controlling interests		31,439	36,159
		<u>51,819</u>	<u>26,699</u>
EARNINGS (LOSS) PER SHARE	7		
-Basic (HK cents)		<u>7.33</u>	<u>(3.40)</u>
-Diluted (HK cents)		<u>7.33</u>	<u>(3.40)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Profit for the period	<u>51,819</u>	<u>26,699</u>
Other comprehensive income (expense):		
Item that will not be reclassified to profit or loss		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>1,464</u>	<u>(4,886)</u>
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations		
- Subsidiaries	(51,917)	(102,677)
- Associates	(2,666)	(6,730)
	<u>(54,583)</u>	<u>(109,407)</u>
Other comprehensive expense for the period	<u>(53,119)</u>	<u>(114,293)</u>
Total comprehensive expense for the period	<u>(1,300)</u>	<u>(87,594)</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(26,172)	(98,492)
Non-controlling interests	24,872	10,898
	<u>(1,300)</u>	<u>(87,594)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

		30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current Assets			
Investment properties		3,427,570	3,764,871
Property, plant and equipment		686,938	673,004
Right-of-use assets		41,298	29,310
Goodwill		126,406	126,406
Interests in associates		94,461	94,788
Equity instruments at FVTPL		228,029	188,412
Equity instruments at FVTOCI		48,580	47,296
Deferred tax assets		87,079	80,753
Other financial assets		4,608	4,577
Other assets		2,500	2,500
		4,747,469	5,011,917
Current Assets			
Inventories		930,617	1,062,338
Trade and other receivables, deposits and prepayments	9	1,607,981	1,504,190
Amount due from an associate		280	292
Derivative financial instruments		2,795	-
Tax recoverable		5,366	5,193
Equity instruments at FVTPL		89,606	86,419
Pledged bank deposits		315,023	308,016
Cash and cash equivalents		928,387	862,086
		3,880,055	3,828,534
Assets classified as held for sales	10	71,544	-
		3,951,599	3,828,534
Current Liabilities			
Trade payables, other payables and accruals	11	1,004,012	929,323
Contract liabilities		13,836	17,480
Lease liabilities		17,711	15,651
Advance lease payments		1,330	1,482
Amounts due to related parties		1,519	19
Derivative financial instruments		-	11,817
Dividend payable		5,559	-
Tax payable		30,309	24,483
Bank borrowings		2,612,297	2,549,538
Bonds		21,951	59,586
Rental deposits		12,054	12,835
		3,720,578	3,622,214
Net Current Assets		231,021	206,320
Total Assets less Current Liabilities		4,978,490	5,218,237
Non-current Liabilities			
Lease liabilities		44,553	38,767
Advance lease payments		21,028	24,065
Bank borrowings		664,915	844,315
Bonds		139,949	172,097
Rental deposits		71,561	83,527
Deferred tax liabilities		104,458	111,805
Retirement benefits obligations		20,527	18,827
		1,066,991	1,293,403
Net Assets		3,911,499	3,924,834

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AT 30 JUNE 2023

		30 June 2023	31 December 2022
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Capital and Reserves			
Share capital	12	27,797	27,797
Share premium		73,400	73,400
Other reserves		(146,859)	(100,109)
Retained profits		<u>3,374,174</u>	<u>3,355,559</u>
Equity attributable to owners of the Company		3,328,512	3,356,647
Non-controlling interests		<u>582,987</u>	<u>568,187</u>
Total Equity		<u>3,911,499</u>	<u>3,924,834</u>

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”).

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, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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

Except as described below, the application of the amendments to HKFRSs in the current interim 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. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The application of the Amendments to HKAS 8 Definition of Accounting Estimates in the current period had no material impact on the condensed consolidated financial statements.

The application of the Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

The Group has applied the temporary exception immediately upon issue of these Amendments to HKAS 12 Income Taxes International Tax Reform - Pillar Two Model Rules and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending 31 December 2023.

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 2023						
	Distribution of mobile and IT products		Property investment and hotel operation		Securities investment	Consolidated
	Hong Kong <i>HK\$'000</i>	Thailand <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Segment revenue</i>						
- Revenue from contracts with customers	995,699	3,222,414	69,247	-	-	4,287,360
- Leasing of investment properties	-	-	72,032	12,553	-	84,585
External sales	<u>995,699</u>	<u>3,222,414</u>	<u>141,279</u>	<u>12,553</u>	<u>-</u>	<u>4,371,945</u>
<i>Segment profit (loss)</i>	<u>9,336</u>	<u>99,959</u>	<u>7,941</u>	<u>(20,574)</u>	<u>29,767</u>	126,429
Share of results of associates						2,340
Finance costs						(36,791)
Other unallocated income						9,183
Unallocated corporate expenses						<u>(28,874)</u>
Profit before taxation						<u>72,287</u>

3. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2022

	Distribution of mobile and IT products		Property investment and hotel operation		Securities investment	Consolidated
	Hong Kong <i>HK\$'000</i>	Thailand <i>HK\$'000</i>	Japan <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Segment revenue</i>						
- Revenue from contracts with customers	1,078,171	3,579,372	30,676	-	-	4,688,219
- Leasing of investment properties	-	-	79,155	13,677	-	92,832
External sales	<u>1,078,171</u>	<u>3,579,372</u>	<u>109,831</u>	<u>13,677</u>	<u>-</u>	<u>4,781,051</u>
<i>Segment profit (loss)</i>	<u>22,544</u>	<u>119,381</u>	<u>51,614</u>	<u>6,843</u>	<u>(80,527)</u>	119,855
Share of results of associates						2,344
Finance costs						(25,357)
Other unallocated income						2,366
Unallocated corporate expenses						<u>(41,175)</u>
Profit before taxation						<u>58,033</u>

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

4. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 June 2023 <i>HK\$'000</i>	30 June 2022 <i>HK\$'000</i>
Exchange loss, net	(26,573)	(24,348)
Gain on disposal of property, plant and equipment	34	11
Gain from changes in fair value of derivative financial instruments	<u>14,948</u>	<u>2,383</u>
	<u>(11,591)</u>	<u>(21,954)</u>

5. INCOME TAX EXPENSE

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	<u>1,556</u>	<u>824</u>
Overseas Tax		
Current period	27,554	25,585
Underprovision in respect of prior periods	66	81
Withholding tax on dividend paid	<u>721</u>	<u>579</u>
	<u>28,341</u>	<u>26,245</u>
Deferred taxation	<u>(9,429)</u>	<u>4,265</u>
Income tax expense for the period	<u>20,468</u>	<u>31,334</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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 FOR THE PERIOD

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised in cost of sales	3,962,593	4,379,746
Depreciation of property, plant and equipment	17,899	15,403
Depreciation of right-of-use assets	7,005	6,233
Share of tax expense of associates	106	21
Write-down of inventories	4,005	4,327
Interest income on bank deposits	<u>(10,970)</u>	<u>(1,195)</u>

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\$20,380,000 (for the six months ended 30 June 2022: loss attributable to owners of the Company of HK\$9,460,000) and the number of ordinary shares calculated below.

	Six months ended	
	30 June 2023	30 June 2022
Number of ordinary shares for the purpose of basic and diluted earnings(loss) per share	<u>277,966,666</u>	<u>277,966,666</u>

The computation of diluted earnings per share for the six months ended 30 June 2023 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 period.

As the Group incurred losses for the six months ended 30 June 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended 30 June 2022 was the same as basic loss per share.

8. DIVIDENDS

	Six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
Final dividend, payable in respect of the year ended 31 December 2022 of 2.0 HK cents per share (for the six months ended 30 June 2022: 2.0 HK cents per share in respect of the year ended 31 December 2021)	<u>5,559</u>	<u>5,559</u>

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2023.

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\$1,418,251,000 and HK\$12,894,000 respectively (31 December 2022: HK\$1,291,708,000 and HK\$13,806,000 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.

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
Within 30 days	649,242	568,092
31 to 90 days	465,143	509,510
91 to 120 days	82,112	60,638
Over 120 days	<u>234,648</u>	<u>167,274</u>
	<u>1,431,145</u>	<u>1,305,514</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. ASSETS CLASSIFIED AS HELD FOR SALE

On 28 June 2023, the Group has entered into a sale and purchase agreement with an independent third party to sell the trust beneficial interest of the hotel property located in Tokyo, Japan with consideration of JPY2,536,250,000 (including consumption tax) (equivalent to approximately HK\$152,175,000). The assets attributable to the hotel property, which are expected to be sold within twelve months, have been classified as assets held for sale and are presented separately in the condensed consolidated statement of financial position. The hotel property is included in the Group's property investment and hotel operation for segment reporting purposes (see note 3). The disposal of the hotel property is completed subsequent to the end of the reporting period.

The major classes of assets of the hotel property classified as held for sale are as follows:

	30 June 2023 HK\$'000
Investment properties	<u>71,544</u>
Assets classified as held for sale	<u><u>71,544</u></u>

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$606,905,000 (31 December 2022: HK\$578,198,000). The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 30 days	487,309	437,838
31 to 90 days	101,010	122,268
91 to 120 days	4,946	5,352
Over 120 days	<u>13,640</u>	<u>12,740</u>
	<u><u>606,905</u></u>	<u><u>578,198</u></u>

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

12. 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 2022, 30 June 2022, 31 December 2022 and 30 June 2023	<u><u>277,966,666</u></u>	<u><u>27,797</u></u>

13. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Refurbishment of investment properties	<u>527</u>	<u>2,782</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

BUSINESS REVIEW

In comparison to the corresponding period last year, our net profit has shown an impressive surge of 94%, reaching an HK\$51,819,000 while our revenue experienced a decline to HK\$4,371,945,000. The decline reflects the challenges posed by the current market environment. The remarkable growth in net profit can be attributed to the rebound in the market value of our investment portfolio, mainly in US-listed securities.

During this review period, our business operations have encountered an amplified impact of geopolitical tensions, particularly prevalent in Hong Kong. Elevated interest rates, persistent high inflation, slower economic growth, and an escalated cost of living have presented an intricate business landscape. Nonetheless, a glimmer of hope emerges from the gradual resumption of travel post-COVID-19, providing a ray of positivity and encouragement, even though recovery remains gradual.

Distribution Business

The current political uncertainties in Thailand combined with the effects of high interest rates and inflation have reverberated across business and consumer sectors in both Thailand and Hong Kong. Despite government stimulus measures, our distribution business experienced a contraction in revenue by 9% as compared to the same period last year to reach HK\$4,218,113,000 for the interim period. Additionally, our segment profit experienced a decrease, amounted HK\$109,295,000 for the period ended on 30 June 2023. This decline stemmed primarily from subdued demand for mobile phones across all regions. However, a moderate growth in demand for IT products and services has been observed from enterprise clients.

Real Estate Investment Business

Our real estate investment business has marked an increase of 25% in total revenue, reaching HK\$153,832,000, as compared to HK\$123,508,000 in the corresponding period last year. This growth can be attributed to Japan's easing of border travel restrictions resulting in a swift resurgence in tourism and the hospitality sector. Nevertheless, the profitability of this segment continued to be confronted by escalating operational costs, especially in higher utility charges as well as labor shortages. The sluggishness in the Hong Kong property market further affected the fair valuation of our property portfolio, culminating in a decrease of HK\$13,115,000, in contrast to the fair value gain of HK\$59,183,000 for the corresponding period.

As we look ahead, we anticipate growth in revenue from rental leases and hotel operations within the hospitality sector, propelled by an uptick in spending by foreign tourists. The anticipated resumption of China-Japan-bound group tours, coupled with the prevailing weak yen, is expected to invigorate the hospitality sector in the latter half of the year.

Investment in IT, Securities and other Business

The resurgence of our investment portfolio within the US stock market has yielded a segment profit of HK\$29,767,000. This stands in stark contrast to the segment loss of HK\$80,527,000 during the same period in the previous year. Our associate company, IT Consultants Limited in Bangladesh, with a significant presence in electronic payment system services has contributed positively to the Group's performance.

Assets Management

Despite the volatility observed in the public tech sector, SiS Cloud Global Tech Fund 8 remained focused on exploring investment opportunities in private growth technology companies specializing in Cloud computing, Cyber security, Enterprise software SaaS, and AI. We are excited to continue investing and nurturing the potential in this arena. Additionally, our SiS SPAC Investment Fund holds investments in SPAC companies and we are eagerly waiting for their Despac to materialize in the upcoming year.

PROSPECT

Confronted by a challenging landscape, the Group is taking a cautious yet optimistic stance. Drawing upon our expansive portfolio of hotels and hospitality offerings, diverse IT products portfolio and extensive distribution networks across the Asian region, strong financial foundation, and adept management team, we remain resolute in navigating through obstacles with precision. This juncture presents an optimal moment for strategically positioning ourselves toward a promising future.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2023, the Group had total assets of HK\$8,699,068,000 which were financed by total equity of HK\$3,911,499,000 and total liabilities of HK\$4,787,569,000. The Group had current ratio of approximately 1.06 which was similar to 31 December 2022.

As at 30 June 2023, the Group had bank deposits balances and cash of HK\$1,243,410,000 (31 December 2022: HK\$1,170,102,000), out of which HK\$315,023,000 (31 December 2022: HK\$308,016,000) 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 2023, the Group had short term borrowings and bonds of HK\$2,634,248,000 (31 December 2022: HK\$2,609,124,000) and long term borrowings and bonds of HK\$804,864,000 (31 December 2022: HK\$1,016,412,000). 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 2023, the Group had net cash deficit (total bank borrowings and bonds less bank balances and cash and pledged bank deposits) of HK\$2,195,702,000 (31 December 2022: HK\$2,455,434,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 30 June 2023 was 88% (31 December 2022: 92%).

Charges on Group Assets

As at 30 June 2023, the Group had pledged bank deposits of HK\$315,023,000 (31 December 2022: HK\$308,016,000), investment properties with carrying values of HK\$3,324,411,000 (31 December 2022: HK\$3,656,586,000) and property, plant and equipment with carrying value of HK\$599,276,000 (31 December 2022: HK\$571,456,000) 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 2023 and 31 December 2022 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 2023 was 1,168 (30 June 2022: 907) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$101,520,000 (30 June 2022: HK\$97,130,000). 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 2023, 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 and Renminbi. 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. Except for a few foreign currency forward contracts, 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\$9,753,000 (six months ended 30 June 2022: HK\$9,107,000) and HK\$1,575,000 (six months ended 30 June 2022: HK\$1,638,000) 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 2023, except for the Code B.2.2 and C.2.1 as disclosed in page 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 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 2023, 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 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company’s website at www.sisinternational.com.hk and the website of the HKEX at www.hkexnews.hk. The 2023 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 2023.

APPRECIATION

On behalf of the Board, I extend our sincere appreciation to our dedicated staff for their unwavering commitment and invaluable contributions. Our gratitude also extends to our esteemed customers, valued business partners who have stood as pillars of support during these testing times. Through their collective efforts, we have adeptly steered our business amid the challenges we have faced.

In closing, I would also like to express my gratitude to our shareholders for their trust. We remain committed to creating sustainable value and embracing the myriad opportunities that lie ahead.

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

Hong Kong, 25 August 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, Ms. Ng See Wai Rowena and Ms. Tan Song Ping.