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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 2021

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 2021 together with comparative figures for the corresponding year in 2020 which are set out as follow:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Revenue		<b>10,999,242</b>	7,576,117
Cost of sales		<b>(10,316,437)</b>	(6,945,806)
Gross profit		<b>682,805</b>	630,311
Other income		<b>38,120</b>	44,135
Other gains and losses, net	3	<b>17,867</b>	3,820
Distribution costs		<b>(225,254)</b>	(190,863)
Administrative expenses		<b>(153,186)</b>	(139,231)
Loss from changes in fair value of investment properties		<b>(21,639)</b>	(556,649)
Impairment loss under expected credit loss model, net of reversal		<b>(19,878)</b>	(32,115)
Share of results of associates		<b>7,751</b>	6,313
Finance costs		<b>(52,281)</b>	(63,664)
Profit (loss) before taxation		<b>274,305</b>	(297,943)
Income tax (expense) credit	4	<b>(62,984)</b>	44,092
Profit (loss) for the year	5	<b>211,321</b>	(253,851)
Profit (loss) for the year attributable to:			
Owners of the Company		<b>115,106</b>	(310,035)
Non-controlling interests		<b>96,215</b>	56,184
		<b>211,321</b>	(253,851)

\* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(Continued)*

For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK Cents</i>	2020 <i>HK Cents</i>
Earnings (loss) per share	7		
- Basic		<b>41.4</b>	(111.5)
- Diluted		<b>41.4</b>	(111.5)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year	<b>211,321</b>	(253,851)
Other comprehensive (expense) income:		
<b>Items that will not be reclassified to profit or loss</b>		
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>(31,666)</b>	(13,654)
<b>Items that may be subsequently reclassified to profit or loss</b>		
Exchange differences arising on translation of foreign operations		
- Subsidiaries	<b>(119,892)</b>	32,681
- Associates	<b>(980)</b>	(162)
	<b>(120,872)</b>	32,519
Other comprehensive (expense) income for the year	<b>(152,538)</b>	18,865
Total comprehensive income (expense) for the year	<b>58,783</b>	(234,986)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	<b>(2,334)</b>	(296,123)
Non-controlling interests	<b>61,117</b>	61,137
	<b>58,783</b>	(234,986)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current Assets</b>			
Investment properties		<b>4,110,724</b>	4,452,242
Property, plant and equipment		<b>649,142</b>	703,076
Right-of-use assets		<b>31,675</b>	47,153
Goodwill		<b>126,406</b>	126,406
Interests in associates		<b>105,092</b>	113,325
Equity instruments at fair value through profit or loss ("FVTPL")		<b>187,609</b>	182,551
Equity instruments at FVTOCI		<b>48,082</b>	78,748
Deferred tax assets		<b>89,382</b>	84,257
Other financial assets		<b>10,064</b>	8,212
Other assets		<b>2,500</b>	2,500
		<b>5,360,676</b>	5,798,470
<b>Current Assets</b>			
Inventories		<b>1,359,475</b>	661,795
Trade and other receivables, deposits and prepayments	8	<b>1,575,970</b>	1,396,298
Amount due from an associate		<b>355</b>	353
Derivative financial instruments		<b>394</b>	-
Tax recoverable		<b>519</b>	55
Equity instruments at FVTPL		<b>23,369</b>	16,901
Pledged deposits		<b>340,702</b>	450,733
Bank balances and cash		<b>976,510</b>	795,110
		<b>4,277,294</b>	3,321,245
<b>Current Liabilities</b>			
Trade payables, other payables and accruals	9	<b>1,180,060</b>	976,548
Contract liabilities		<b>13,005</b>	33,654
Lease liabilities		<b>16,235</b>	18,156
Advance lease payments		<b>1,693</b>	1,883
Amounts due to an associate		<b>20</b>	62
Derivative financial instruments		<b>-</b>	2,078
Tax payable		<b>51,644</b>	34,416
Bank borrowings		<b>2,736,121</b>	2,596,684
Bonds		<b>-</b>	74,983
Rental deposits		<b>16,515</b>	18,530
		<b>4,015,293</b>	3,756,994
<b>Net Current Assets (Liabilities)</b>		<b>262,001</b>	(435,749)
<b>Total Assets less Current Liabilities</b>		<b>5,622,677</b>	5,362,721
<b>Non-current Liabilities</b>			
Lease liabilities		<b>48,708</b>	71,002
Advance lease payments		<b>31,522</b>	36,837
Bank borrowings		<b>1,160,335</b>	1,086,566
Bonds		<b>262,783</b>	216,826
Rental deposits		<b>91,362</b>	102,607
Deferred tax liabilities		<b>108,642</b>	118,788
Retirement benefits obligations		<b>20,415</b>	19,018
		<b>1,723,767</b>	1,651,644
<b>Net Assets</b>		<b>3,898,910</b>	3,711,077

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

At 31 December 2021

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Capital and Reserves</b>		
Share capital	27,797	27,797
Share premium	73,400	73,400
Other reserves	(39,983)	21,496
Retained profits	<u>3,300,943</u>	<u>3,185,837</u>
<b>Equity attributable to owners of the Company</b>	<b>3,362,157</b>	3,308,530
Non-controlling interests	<u>536,753</u>	<u>402,547</u>
<b>Total Equity</b>	<b><u>3,898,910</u></b>	<b><u>3,711,077</u></b>

*Notes:***1. 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 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 periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2
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In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19 Related Rent Concessions* during the year ended 31 December 2020.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except for additional disclosure as required by HKFRS7, the application of the 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.

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

### *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 <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10, and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

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 (2021)***

Based on the Group’s outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

## 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.

## 2. SEGMENT INFORMATION (Continued)

### Segment revenue and results

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

	2021					
	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	2,950,624	7,777,986	48,658	-	-	10,777,268
- Leasing of investment properties	-	-	180,563	41,411	-	221,974
External sales	<u>2,950,624</u>	<u>7,777,986</u>	<u>229,221</u>	<u>41,411</u>	<u>-</u>	<u>10,999,242</u>
<i>Segment profit</i>	<u>48,825</u>	<u>251,200</u>	<u>5,891</u>	<u>50,273</u>	<u>14,302</u>	370,491
Share of results of associates						7,751
Finance costs						(52,281)
Other unallocated income						565
Unallocated corporate expenses						<u>(52,221)</u>
Profit before taxation						<u>274,305</u>
	2020					
	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	1,751,192	5,541,467	18,438	-	-	7,311,097
- Leasing of investment properties	-	-	220,910	44,110	-	265,020
External sales	<u>1,751,192</u>	<u>5,541,467</u>	<u>239,348</u>	<u>44,110</u>	<u>-</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>	(209,094)
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>

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

### 3. OTHER GAINS AND LOSSES, NET

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gain, net	<b>3,953</b>	21,282
Gain on disposal of property, plant and equipment	<b>76</b>	20
Gain from changes in fair value of equity instruments at FVTPL	<b>11,487</b>	8,015
Impairment loss on property, plant and equipment	-	(24,445)
Gain (loss) from changes in fair value of derivative financial instruments	<b>2,351</b>	(1,052)
	<b>17,867</b>	3,820

### 4. INCOME TAX EXPENSE (CREDIT)

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax:		
Current year	<b>9,287</b>	1,340
Overprovision in prior years	-	(75)
	<b>9,287</b>	1,265
Overseas Tax:		
Current year	<b>65,763</b>	47,838
(Over)under provision in prior years	<b>(136)</b>	403
Withholding tax on declared dividend income	<b>1,222</b>	1,638
	<b>66,849</b>	49,879
Deferred taxation	<b>(13,152)</b>	(95,236)
	<b>62,984</b>	(44,092)

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% (2020: 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% (2020: 20%) on the estimated assessable profit for the year.

## 5. PROFIT (LOSS) FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including write-down of inventories of HK\$13,604,000 (2020: HK\$7,068,000))	10,158,467	6,831,325
Depreciation of property, plant and equipment	32,338	27,731
Depreciation of right-of-use assets	12,164	12,019
Interest on bank borrowings and bonds	48,901	59,897
Interest on leases liabilities	1,671	1,991
Interest on rental deposits	1,709	1,776
	<u>10,235,950</u>	<u>6,935,739</u>
and after crediting:		
Dividend income from equity instruments at FVTOCI	1,309	506
Dividend income from equity instruments at FVTPL	1,507	1,083
Interest income from bank deposits	2,395	6,042
	<u>5,211</u>	<u>7,631</u>

## 6. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
No final dividend paid in respect of the year ended 31 December 2020 (2020: 2.0HK cents per share in respect of the year ended 31 December 2019)	-	5,559
	<u>-</u>	<u>5,559</u>

A final dividend of HK2.0 cents per share amounting to HK\$5,559,000 for the year ended 31 December 2021 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 (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share are based on the Group's profit attributable to owners of the Company of HK\$115,106,000 (2020: loss of HK\$310,035,000) and the weighted average number of ordinary shares calculated below.

	2021	2020
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 earnings (loss) per share for the year ended 31 December 2021 and 2020 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\$1,347,609,000 (2020: HK\$1,140,984,000). The following is an aged analysis of trade and lease receivables, net of allowance for credit losses, presented based on the invoice date and demand note at the end of the reporting period.

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>1,218,277</b>	692,204
31 to 90 days	<b>87,131</b>	312,534
91 to 120 days	<b>20,429</b>	44,077
Over 120 days	<b>21,772</b>	92,169
Trade and lease receivables	<b><u>1,347,609</u></b>	<b><u>1,140,984</u></b>

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.

## 9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$787,905,000 (2020: HK\$644,691,000). The following is an aged analysis of the trade payables, presented based on the invoice date, at the end of the reporting period.

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>601,228</b>	489,415
31 to 90 days	<b>165,334</b>	137,924
91 to 120 days	<b>3,156</b>	7,739
Over 120 days	<b>18,187</b>	9,613
Trade payables	<b><u>787,905</u></b>	<b><u>644,691</u></b>

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 5 July 2022. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 21 July 2022.

## **CLOSE OF REGISTER OF MEMBERS**

The register of members will be closed on 4 July and 5 July 2022, 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 2021, 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 54/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:00 p.m. on 30 June 2022.

## **BUSINESS REVIEW**

During the year, Covid-19 pandemic continued unabated with the resurgence of the delta and omicron coronavirus variant around the world causing much businesses disruptions and uncertainties with many countries implementing tougher border controls.

Despite challenging economic and business environment, the Group recorded positive results. We would like to share the results of the Group with our shareholders for the year ended 31 December 2021. Revenue grew 45% to HK\$10,999 million with 8% increase in gross profit. The Group’s recorded a profit after tax of HK\$211,321,000. This was mainly attributable to a notable reduction in loss from changes in fair value of investment properties from HK\$556,649,000 in FY2020 and improved performance from distribution business.

Total assets of the Group increased 6% to HK\$9,638 million. Net assets value per share increased from HK\$13.4 to HK\$14.0.

### **Distribution Business**

During the year, total revenue from distribution business grew 47% from HK\$7,292,659,000 to HK\$10,728,610,000 as compared to the preceding year owing primarily to the increase of revenue from distribution business in both Thailand and Hong Kong. SiS Thailand’s revenue increased 40% and contributed HK\$251,200,000 segment profit to the Group. SiS Mobile’s revenue and profit contribution to the Group recorded an increase of 95% and 207% respectively. We continued to expand our product mix and extend into new channels of business. As a result, total segment profit of distribution business increased 42% to HK\$300,025,000.

### **Real Estate Investments Business**

During the year, the Group disposed a commercial property in Singapore at a profit. The number of hotel properties in Japan was maintained at twenty-two (22).

The pandemic remained unrelenting; Japan's travel, tourism and hospitality activities were very much curtailed with the surging omicron insurgence as stringent border restrictions were put in place to contain the spread of the more transmissible omicron variants. The Group's real estate and hospitality recorded a total valuation loss of HK\$21,639,000 (2020: HK\$556,649,000) from change in fair valuation of investment properties. However, we believe the long-term value of these properties to remain positive.

Total lease and hotel operation income from the segment business decreased 5% to HK\$270,632,000 (2020: HK\$283,458,000) during the year. Segment profit (excluding change in fair value of property) reduced 39% to HK\$77,803,000.

### **Investment in IT, Securities and other Businesses**

Business in Information Technology Consultants Limited, our associated company in Bangladesh contributed HK\$7,176,000 to the Group. It continued to expand and lead in its electronic payment services.

The Group's securities investment recorded segment profit of HK\$14,302,000 when compared to HK\$9,605,000 the same period last year.

The Group will continue to review regularly and seek to divest or invest in promising securities when opportunity arises.

### **Asset Management**

With our heritage from being involved in technologies over the decades, during the year, the asset management arm of the Group has established a private equity fund, namely SiS Cloud Global Tech Fund 8 – a new technology fund to invest and co-invest in promising technology companies and funds. This fund seeks to invest in Cloud computing, SaaS and security companies. Besides, we have also established SiS SPAC Investment Fund to invest in SPAC IPO and SPAC shares in response to Singapore Exchange and Hong Kong Exchange allowing companies to be listed on the Exchanges by way of SPAC (Special Purpose Acquisition Company) to provide private accredited investors and Institutions an opportunity to invest in SPAC listing via our SPAC funds.

## **PROSPECT**

The pandemic has ravaged economies worldwide and severely affected businesses in many sectors especially in the travel, tourism and hospitality related industry. This coupled with the rising inflation, geopolitical tensions in Europe, disruption of supply chain and resurgence of the omicron coronavirus variants have further clouded global economic outlook and economic recovery.

The directors are moving ahead cautiously. The acceleration of vaccination rates and many countries moving into a post-Covid recovery phase with border opening will bring social and economic activities back to normal phases. The Group's flexibility, nimbleness and its ability to respond and adapt to the challenges will stand itself in good stead. It will continue to calibrate and manage its business costs in tandem with market conditions. The Group will continue to identify and seek growth opportunities when they arise.

## **FINANCIAL REVIEW AND ANALYSIS**

### **Liquidity and Financial Resources**

As at 31 December 2021, the Group had total assets of HK\$9,637,970,000 which were financed by total equity of HK\$3,898,910,000 and total liabilities of HK\$5,739,060,000. The Group had a current ratio of approximately 1.07 compared to that of approximately 0.88 at 31 December 2020.

As at year end 2021 the Group had HK\$1,317,212,000 (2020: HK\$1,245,843,000) bank deposits balances and cash of which HK\$340,702,000 (2020: HK\$450,733,000) 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 2021, the Group had short term borrowings and bonds of HK\$2,736,121,000 (2020: HK\$2,671,667,000) and long term borrowings and bonds of HK\$1,423,118,000 (2020: HK\$1,303,392,000). 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 2021, the Group had a net cash deficit (total bank borrowings and bonds, less bank balances and cash and pledged deposits) of HK\$2,842,027,000 (2020: HK\$2,729,216,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2021 was 107% (2020: 107%).

### **Charges on Group Assets**

At the balance sheet date, the Group's had pledged deposits of HK\$340,702,000 (2020: HK\$450,733,000), investment properties with carrying value of HK\$4,009,163,000 (2020: HK\$4,199,372,000) and property, plant and equipment with carrying value of HK\$432,137,000 (2020: HK\$466,643,000) 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 2020 and 2021 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 2021 was 838 (2020: 765) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK\$203,173,000 (2020: HK\$175,944,000) for the year ended 31 December 2021. 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 2021, 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 2021 the Group had outstanding forward contracts of notional amount HK\$111,657,000 (2020: HK\$117,133,000) 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 2021 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 2021, 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 2020 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 2021, 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 2021 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 2021.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 December 2021.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.sisinternational.com.hk](http://www.sisinternational.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 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 2022.

## **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, 30 March 2022

*As at the date of this announcement, the executive directors are Mr. Lim Kia Hong, Mr. Lim Kiah Meng, Mr. Lim Hwee Hai, and Madam Lim Hwee Noi. The independent non-executive directors are Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael.*