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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in SiS International Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**SiS INTERNATIONAL HOLDINGS LIMITED**

**新龍國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00529)**

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

**Financial adviser to the Company**

**AmCap**

*Ample Capital Limited*

*豐盛融資有限公司*

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A letter from the Board is set out on pages 3 to 7 of this circular.

The Disposal has been approved by written shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

\* *For identification purposes only*

18 July 2023

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## DEFINITIONS

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

“%”	per cent
“Announcement”	the announcement of the Company dated 28 June 2023 in relation to the Disposal
“Board”	the board of Directors
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00529)
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Trust Beneficial Interest contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best knowledge and belief of the Directors as the case may be, having made all reasonable enquiries, is or are third party(ies) independent of and not connected with the Group, as the case maybe, and their respective connected persons (as defined in the Listing Rules)
“JPY”	Japanese Yen, the lawful currency of Japan
“Latest Practicable Date”	13 July 2023, being the latest practicable date prior to the despatch of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	the land and building, furniture, fixtures, and equipment located at 11-10, 2-chome, Tsukiji, Chuo-ku, Tokyo, Japan
“Purchaser”	Ascot Corp. (3264.JPX), a company listed on the Tokyo Securities Exchange in Japan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 June 2023 entered between the Seller and the Purchaser in relation to the Disposal

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## DEFINITIONS

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“Seller”/“SiSJP9 TMK”	SiSJP9 Tokutei Mokuteki Kaisha, a company incorporated in Japan with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	Shareholders of the Company, holders of the ordinary shares of HK\$0.10 each of the Company
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Beneficial Interest”	the trust beneficial interest of the Property located in Tokyo, Japan
“Trustee”	the trustee under the trust agreement of the Trust Beneficial Interest dated on 11 March 2015

*Unless otherwise specified in this circular, amounts denominated in JPY have been converted into HK\$ at the rate of JPY1 = HK\$0.06. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.*



**SiS INTERNATIONAL HOLDINGS LIMITED**

**新龍國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00529)**

*Executive Directors:*

Mr. Lim Kia Hong  
Mr. Lim Kiah Meng  
Mr. Lim Hwee Hai  
Madam Lim Hwee Noi

*Registered office:*

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

*Independent Non-executive Directors:*

Mr. Ma Shiu Sun Michael  
Ms. Ng See Wai Rowena

*Principal place of business in Hong Kong:*

803  
Nine Queen's Road Central  
Hong Kong

18 July 2023

*To the Shareholders*

Dear Sir or Madam,

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

**1. INTRODUCTION**

Reference is made to the announcement dated 28 June 2023. The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) the financial information of the Group; (iii) an independent property valuation report on the Property; and (iv) other information as required under the Listing Rules.

**2. THE SALE AND PURCHASE AGREEMENT**

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

**a) Date**

28 June 2023

\* For identification purposes only

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## LETTER FROM THE BOARD

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### b) Parties

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

### Information of the Trust Beneficial Interest

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

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

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

### Consideration and payment terms

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

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

The consideration for the Trust Beneficial Interest was arrived at after arm’s length negotiations between the parties and determined with reference to (i) the cost-plus pricing basis with reference to the initial investment cost of the Property of approximately JPY1,970,000,000 (equivalent to approximately HK\$118,200,000) and the acquisition expenses of the Property of approximately JPY83,921,000 (equivalent to approximately HK\$5,035,000) in March 2015; (ii) the valuation of the Property as at 31 May 2023 prepared by an independent professional valuer using the discounted cash flow approach and also considered the income capitalization approach, being approximately JPY1,320,000,000 (equivalent to approximately HK\$79,200,000); and (iii) the prevailing market conditions.

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## LETTER FROM THE BOARD

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### Conditions Precedent

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

- (i) The parties' representations and warranties set out thereof are true as of the execution date of the Sale and Purchase Agreement and the Completion date;
- (ii) All obligations to be performed on or before the Completion date thereunder have all been performed and there is no breach of the Sale and Purchase Agreement; and
- (iii) The Trustee's consent is obtained.

If the conditions under the Sale and Purchase Agreement have not been fulfilled (or waived at the Seller's absolute discretion) for whatever reason, the Disposal shall cease and terminate, and thereafter neither party shall have any rights, obligations and liability towards each other thereunder save for any antecedent breaches of the terms of the Sale and Purchase Agreement. As at the Latest Practicable Date, none of the conditions as stated above has been fulfilled.

### Completion

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

### 3. INFORMATION ON THE SELLER AND THE COMPANY

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

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

### 4. INFORMATION ON THE PURCHASER

The Purchaser is Ascot Corp. (3264.JPX), a company listed on the Tokyo Securities Exchange in Japan. The Purchaser is principally engaged in real estate business which include the real estate development; real estate solution; and other businesses. The Purchaser is owned as to approximately 46.7% by Ping An Insurance (Group) Co. of China Ltd. and approximately 33.4% by SBI Holdings, Inc.

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

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## LETTER FROM THE BOARD

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### 5. REASONS FOR AND BENEFITS OF THE DISPOSAL

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

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

### 6. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

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

#### Earnings

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

The net proceeds arising from the Disposal will be approximately JPY2,415,000,000 (equivalent to approximately HK\$144,900,000) (after deducting direct expenses in relation to the Disposal). The Group intends to use the net proceeds from the Disposal as to (i) approximately JPY1,224,163,000 (equivalent to approximately HK\$73,450,000) for repayment of bank loans; (ii) approximately JPY800,000,000 (equivalent to approximately HK\$48,000,000) for the potential investment opportunities in Japan; and (iii) approximately JPY390,837,000 (equivalent to approximately HK\$23,450,000) for the general working capital of the Group.

#### Assets and Liabilities

As at 31 December 2022, the net asset value of the Group was approximately HK\$3,924,834,000. Upon completion of the Disposal, based on the estimation of the Board, (i) the total assets value will decrease by approximately HK\$7,750,000; and (ii) the total liabilities (mainly being repayment of bank loan) will decrease by approximately HK\$73,450,000.



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## LETTER FROM THE BOARD

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### 7. LISTING RULES IMPLICATION

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

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

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

### 8. RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors (including the Independent Non-executive Directors) are of the view that the Disposal, based on the reasons set out in the above paragraph "REASONS FOR AND BENEFITS OF THE DISPOSAL", is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting was convened for approving the Disposal, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

### 9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**SIS INTERNATIONAL HOLDINGS LIMITED**  
**Lim Kia Hong**  
*Chairman and Chief Executive Officer*

## 1. FINANCIAL SUMMARY

Further information about the Group is disclosed in the last three (3) published annual reports, copies of which can be located at the hyperlinks below:

For the year ended	Hyperlink	Principal relevant pages
31 December 2022	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602056.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602056.pdf</a>	46–158
31 December 2021	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042500037.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042500037.pdf</a>	45–150
31 December 2020	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042601868.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042601868.pdf</a>	45–148

## 2. WORKING CAPITAL

The Directors are of the opinion that, taking into account the effect of the Disposal, cash flow from operations, the facilities available and the Group's present available financial resources, the Group will have sufficient working capital for its present requirements for the next twelve (12) months from the date of this circular.

## 3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2023, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the Group had total borrowings and bonds amounting to approximately HK\$3,766,145,000 and obligation under finance lease amounting to approximately HK\$7,875,000, details of which are as follows:

The Group had outstanding unsecured bank borrowings of approximately HK\$1,065,178,000, secured bank borrowings of approximately HK\$2,521,117,000 which were unguaranteed but secured by properties, bank deposits, an interest reserve account, rental proceeds, trust beneficiary interests, preferred shares and specified shares of subsidiaries of the Group, secured bonds of approximately HK\$179,850,000 which were secured by trust beneficiary interests of the properties of the subsidiaries of the Group and a finance lease over an equipment of the Group of approximately HK\$7,875,000. Except for obligation under finance lease of approximately HK\$7,875,000 which are guaranteed by the Company, all other borrowings and bonds were not covered by any guarantees as at 31 May 2023.

As at 31 May 2023, the Group had bank borrowings and bonds of approximately HK\$2,467,279,000 which were secured by certain investment properties at the carrying value of approximately HK\$3,672,947,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 May 2023, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, debentures or debt securities issued and outstanding, charges, hire purchases commitments, or other material contingent liabilities.

As at the Latest Practicable Date, the Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 May 2023.

#### 4. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 December 2022, real estate portfolio posted an improved valuation gain of HK\$21,232,000 as compared to valuation loss of HK\$21,639,000 in the corresponding period last year. In which Japan hospitality properties had a fair valuation gain HK\$61,484,000 for the year 2022 versus a fair value loss HK\$31,789,000 recorded in 2021. Without taking into account the foreign exchange difference, the Board believes that Japan hospitality properties would have achieved a much higher fair valuation gain.

Looking forward, the Directors are of the view that the lifting of restrictions in both Japan and Hong Kong would bring about a rebound in both travelers and business.

The Directors are moving ahead cautiously. With its portfolio of hotels and hospitality spread across various parts of Japan, the Group is well positioned to capture the increasing demand from the return of both corporate and leisure travelers to Japan which remained as one of the top tourist destinations.

The global economic outlook remains challenging with the ongoing geopolitical tensions, persistent inflationary pressures, rising interest rates and spiraling cost of living. Challenging times also opened-up new horizon and many opportunities for investment; the directors are moving ahead in exploring investment opportunity when it presents. The asset management funds of the Group will have better opportunities to invest in start-up technology and growth companies in reduced valuation posing significant opportunities.

The Group remains resilient, agile and nimble and will continue to adapt, manage and calibrate to emerge stronger amidst the challenges. Upon Completion, the Group's financial and cash position can be further strengthened, and the Group will explore investment opportunities and projects that will enhance its revenue and profit growth in future. The Group will adopt a proactive yet cautious approach in pursuing its asset and business expansion while maintaining flexibility to cope with the ever changing business and economic environment.

**5. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

*The following is the text of a letter with the summary of values and valuation certificate received from CBRE Limited, an independent valuer, prepared for the purpose of incorporation in this document, in connection with their valuation as of 31 May 2023 of the subjected property interests held by the Group.*



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太古廣場一期27樓  
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地產代理(公司)牌照號碼  
Estate Agent's Licence No: C-004065

18 July 2023

**SiS International Holdings Limited**  
803 Nine Queen's Road Central  
Hong Kong

Dear Sirs,

In accordance with instructions from SiS International Holdings Limited (the “**Company**”) to value the subjected property interests held by SiS International Holdings Limited and its subsidiaries (collectively referred to as “**the Group**”), we confirm that we have carried out inspections, made relevant enquiries, and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of property interests as of May 31, 2023 (the “**Valuation Date**”).

#### **Valuation Basis, Assumptions and Methodology**

Our valuation is prepared in accordance with the Japanese Real Estate Appraisal Standards, HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors (“**the HKIS**”), the RICS Valuation — Global Standards effective from 31st January 2022 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and International Valuation Standards (“**IVS**”) published by the International Valuation Standards Council.

Our valuation is made on the basis of Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We have also complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

After consulting with the senior management of the Group, we have taken into account several factors in determining the appropriate valuation approach. These factors include: (i) the historical valuation approach that the Group has traditionally employed to value the property; (ii) the historical valuation approach that the Group has typically utilized for assessing the value of other hotels owned by the Group; and (iii) the intended future use of the property by the potential purchaser.

Considering the aforementioned factors, we have concluded that the property can be classified as an income-producing asset. As a result, the most suitable approach for valuing the Property, as determined by us, is the Discounted Cash Flow (“DCF”) Approach.

In valuing the property, which was previously leased to a hotel tenant, we have adopted DCF Approach, which is considered as an appropriate and commonly accepted approach for hospitality properties with consideration to projected cash flow based on a lease or management agreement, current market level and future market conditions. The DCF Approach involves discounting the future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a typical investor for an investment of this type. We have prepared a 5-year cash flow forecast for the property, with reference to the current and anticipated market conditions. The net income in the Year 6 is capitalised at an appropriate yield for the remainder of the ownership term. This analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental income and capital growth over an assumed investment horizon. This analysis is generally used in valuing income producing properties. In preparing the DCF analysis, we have also made reference to the historical operating data provided by the Group. In addition, we have taken into account the previous lease agreement of the property. As a supporting approach to the valuation, we have also considered the Income Capitalisation Approach as a reference check for the valuations arrived at from DCF Approach. The Income Capitalisation Approach involves capitalisation of the net rental income derived from the existing tenant with due allowance for the reversionary income potential of the property.

**Source of Information**

We have relied on information provided by the Group, in particular, but not limited to planning approvals, statutory notices, easements, site areas, floor areas, tenancy schedules, particulars of occupancy, historical and forecast operating performance and other relevant information. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations based on construction documents such as inspection certificates, architectural plan, construction confirmation application, survey plan, completion drawing, and/or engineering reports, etc. provided by the Group. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

CBRE have conducted title searches for the property. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. It is assumed that, unless otherwise stated, the property has no known encumbrances or liens that would adversely affect the market value of the property. In the course of our valuation, we have relied on information provided by the Group.

**Property Inspection**

We have inspected the exterior of the property and, where possible, the interior of the property. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey, nor any tests were made on the building services, nor any investigation to determine the presence of any deleterious or hazardous material in the property. Therefore, we are not able to report whether the property is free of rot, infestation, deleterious materials or any other structural defects.

We have not carried out site measurements to verify the correctness of the areas of the property. We have assumed that the areas shown on the documents and site plans provided to us are correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

Inspection of the property was carried out on May 16, 2023 by Masashi Ito, who is a licensed Japanese Real Estate Appraiser, and has more than 10 years of experience in the valuation of properties in Japan.

**Currency**

Unless otherwise stated, all monetary amounts are stated in Japanese YEN (“JPY”), the official currency of Japan.

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,  
For and on behalf of  
**CBRE Limited**

**Daniel Mohr**  
*FRICS*  
*Head of International Valuation,*  
*Asia Pacific Valuation & Advisory Services*

*Note:* Mr. Daniel Mohr is a Fellow of Royal Institution of Chartered Surveyors. He has over 20 years of valuation experience in Asia, including Hong Kong and Japan.



## SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 May 2023	Interests attributable to the Group	Market value attributable to the Group as at 31 May 2023
<b>Property held by the Group for Sale</b>				
1.	A property located at 11-10, 2-chome, Tsukiji, Chuo-ku, Tokyo, Japan	JPY1,320,000,000	100%	JPY1,320,000,000
	<b>Grand total:</b>	<b><u>JPY1,320,000,000</u></b>		<b><u>JPY1,320,000,000</u></b>

## Property held by the Group for Sale

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value as at 31 May 2023
1. A property located at 11-10, 2-chome, Tsukiji, Chuo-ku, Tokyo, Japan	<p>The property is an 8-storey building completed in 1987, with a total gross floor area of 2,093.37 sq.m., occupying a site with a total site area of 320.13 sq.m. The property was renovated in 2014.</p> <p>The property is a budget hotel with 160 cabins and ancillary areas including lounges, restaurant, public bath and a community space. The total rentable area of the property is 2,011.98 sq.m.</p> <p>The property is held freehold.</p>	<p>At the date of valuation, the property was vacant. The valuation is prepared based on a new operator being secured by 2024 and the property would stabilise by 2025 at an occupancy of 75.5% with an average daily rate (“ADR”) of 4,600 yen. ADR is a metric widely used in the hospitality industry to indicate the average revenue earned for an occupied room on a given day.</p>	<p>JPY1,320,000,000</p> <p>(100% interest attributable to the Group: <b>JPY1,320,000,000</b>)</p>

*Notes:*

- The registered owner of the property (land and building) is a third party licensed bank and the trust beneficial interest is held by SiSJP9 Tokutei Mokuteki Kaisha.
- The registered address of the property is 1102-43, 1102-4, Tsukiji 2 chome, Chuo-ku, Tokyo, Japan.
- The registered floor area of the property is 2,011.98 sq.m. and the registered site area is 320.13 sq.m. (exclusive of the co-owned area). In addition, a lot on the northeast side of the property with a site area of 296.72 sq.m. is co-owned by 17 owners, providing private road access to the property.
- The property is situated within an area zoned “Commercial District” according to the zoning designated by city planning law.
- A revolving pledge was created on the trust beneficial interest in the property to secure certain loan and bond from a bank in Japan to SiSJP9 TMK. Such revolving pledge included (i) all trust beneficial interest in the property; and (ii) all issued shares of the SiSJP9 TMK.
- The key assumptions of the valuation are considered as below:

Terminal capitalisation rate	4.40%
Discount rate	4.10%

We have gathered and analysed the rates of return of relevant market segment which indicate yields of approximately 3.70% to 4.10%. The adopted terminal capitalisation rate and discount rate are reasonable having regard to the analysed yields. We have determined that the terminal capitalization rate exceeds the prevailing market level. This disparity is attributed to the inclusion of a risk

premium, which takes into consideration various attributes of the building such as its remaining economic life and the inherent uncertainty associated with its future prospects. Furthermore, market rates presently exhibit a slightly lower yield compared to current levels, primarily due to the effects of the COVID-19 pandemic. Consequently, the terminal capitalization rate falls above the range observed in the market.

Expected periodical cash inflow JPY217,878,118

We have considered that the valuation is prepared based on a new operator being secured by 2024 and the property would stabilise by 2025 at an occupancy of 75.5% with an ADR of JPY4,600. In the first year of stabilization total cash inflow is expected to reach JPY217,878,118 per annum.

Expected occupancy rate 75.5%

We have considered that market occupancy rates will recover by 2025, with a predicted return to the 2019 levels by that time. It is assumed that occupancy rates will remain steady at an average of 75.5%, which was the pre-COVID level. We have also assumed that the average daily rate (ADR) in 2025 will remain stable as compared with 2019.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests

As at the Latest Practicable Date, the interests of the directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

#### *i. Long positions in ordinary Shares of HK\$0.10 each of the Company*

Name of Director	Personal interests	Family interests	Join interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary share held	% of the issued share capital of the Company
Lim Kia Hong	6,933,108	400,000	—	178,640,000	185,973,108	66.90%
Lim Kiah Meng	5,403,200	250,000	534,000	178,640,000	184,827,200	66.49%
Lim Hwee Hai (Note 3)	4,541,200	4,751,158	—	—	9,292,358	3.34%
Lim Hwee Noi (Note 3)	4,751,158	4,541,200	—	—	9,292,358	3.34%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.50% and 39.50%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) 4,541,200 shares and 4,751,158 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.

*ii. Share options of the Company*

The Directors and their associates had interest in share options under the Company's share option scheme, detail of which are set out as follows:

<b>Date of grant</b>	<b>Vesting period</b>	<b>Exercisable period</b>	<b>Exercise price HK\$</b>	<b>Number of share options outstanding as at the Latest Practicable Date</b>
<b>Lim Kia Hong</b>				
26.06.2015	27.06.2015–31.12.2015	01.01.2016–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2016	01.01.2017–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2017	01.01.2018–26.06.2025	4.47	50,000
<b>Lim Kiah Meng</b>				
26.06.2015	27.06.2015–31.12.2015	01.01.2016–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2016	01.01.2017–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2017	01.01.2018–26.06.2025	4.47	50,000
<b>Lim Hwee Hai</b>				
26.06.2015	27.06.2015–31.12.2015	01.01.2016–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2016	01.01.2017–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2017	01.01.2018–26.06.2025	4.47	50,000
<b>Lim Hwee Noi</b>				
26.06.2015	27.06.2015–31.12.2015	01.01.2016–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2016	01.01.2017–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2017	01.01.2018–26.06.2025	4.47	50,000
<b>Ma Shiu Sun Michael</b>				
26.06.2015	27.06.2015–31.12.2015	01.01.2016–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2016	01.01.2017–26.06.2025	4.47	50,000
26.06.2015	27.06.2015–31.12.2017	01.01.2018–26.06.2025	4.47	50,000
<b>Total Directors and their associates</b>				<b>750,000</b>

*iii. Long positions in the shares and underlying shares of an associated corporation of the Company*

Information Technology Consultants Ltd. (“ITCL”) — incorporated in Bangladesh and listed in The Dhaka Stock Exchange and The Chittagong Stock Exchange.

Name of Director	Corporate interests (Note)	Approximate % of issued share capital of ITCL
Lim Kiah Meng	59,210,840	46.05%

*Note:* A related corporation which is jointly owned by Mr. Lim Kiah Meng and his spouse hold 10,863,862 ordinary shares of 10 Taka each in ITCL, while the Company indirectly holds 48,346,978 ordinary shares. As disclosed in (i) above, Mr. Lim Kiah Meng and his family has total interest of 66.49% in the Company, therefore Mr. Lim has deemed corporate interest of 48,346,978 in ITCL under the SFO.

*iv. Long positions in the shares and underlying shares of subsidiaries of the Company*

*(a) SiS Mobile Holdings Limited (“SiS Mobile”) — listed on the Main Board of the Stock Exchange (Stock Code: 1362)*

Name of Director	Personal interests	Family interests	Join interests (Note 1)	Corporate interests (Note 2, 3)	Total number of issued ordinary share held	% of the issued share capital of the SiS Mobile
Lim Kia Hong	1,846,754	128,000	—	203,607,467	205,582,221	73.42%
Lim Kiah Meng	1,729,024	80,000	170,880	203,607,467	205,587,371	73.42%
Lim Hwee Hai (Note 4)	1,065,984	1,145,330	—	—	2,211,314	0.79%
Lim Hwee Noi (Note 4)	1,145,330	1,065,984	—	—	2,211,314	0.79%

*Notes:*

- (1) Shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) 146,442,667 shares are registered in the name of SiS International Holdings Ltd. It is owned as to approximately 50.50% by Gold Sceptre Limited.

- (3) Gold Sceptre Limited holds 44,915,200 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 4,083,200 shares in the issued share capital of SiS Mobile. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.50% and 39.50%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (4) 1,065,984 shares and 1,145,330 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.

(b) *SiS Distribution (Thailand) Public Company Limited (“SiS Thai”), which is listed in the Stock Exchange of Thailand*

Name of Director	Personal interests	Corporate interests (Note)	Total number of issued ordinary shares held in SiS Thai	% of the issued share capital of the SiS Thai
Lim Kia Hong	241,875	214,510,470	214,752,345	60.84%

*Note:* The Company indirectly holds 214,510,470 ordinary shares of the issued capital of SiS Thai. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 66.90% in the Company, therefore Mr. Lim has deemed corporate interest in SiS Thai under the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company (the “**Chief Executive**”) had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors or the Chief Executive were taken or deemed to have taken or deemed to have taken under such provisions of the SFO), or (ii) to be entered in the register kept by the Company under Section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(b) Substantial Shareholders' Interests**

As at the Latest Practicable Date, the persons (other than the Directors or the Chief Executive) who had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial Shareholder	Personal interests	Family Interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Yeo Seng Chong	1,248,000	1,220,000	12,146,000	14,614,000	5.26%
Lim Mee Hwa	1,220,000	1,248,000	12,146,000	14,614,000	5.26%

*Notes:*

- (1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa are spouse so they have deemed interest in their spouse's shares under the SFO.
- (2) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 50% direct interest in a corporation which holds the shares of the Company as an investment manager.

Other than as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

**4. DIRECTORS' INTEREST IN COMPETING BUSINESS**

At the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or was likely to compete, whether directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**5. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors was interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.



As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to any members of the Group, or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 6. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the Group within two (2) years immediately preceding and including the Latest Practicable Date:

- (a) Preferred shares transfer agreement regarding the acquisition of 13,500 preferred shares, representing 30% preferred shares in Tokutei Mokuteki Kaisha SSG23 at a consideration of JPY833,000,000 (equivalent to HK\$45,815,000) dated 25 November 2022 (*for the details, please refer to the announcement dated 25 November 2022 and the supplemental announcement dated 7 December 2022*); and
- (b) the Sale and Purchase Agreement.

## 7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
CBRE Limited	Independent Professional Valuer

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

**8. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any of its subsidiaries.

**9. GENERAL**

- (a) The Company Secretary of the Company is Ms. Chiu Lai Chun, Rhoda, associated member of Hong Kong Institute of Certified Public Accountants;
- (b) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the principal place of business of the Company in Hong Kong is at 803, Nine Queen's Road Central, Hong Kong;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong; and
- (d) The English text of this circular shall prevail over the Chinese text where there is any inconsistency.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the respective websites of the Company (<http://www.sisinternational.com.hk>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for a period of fourteen (14) days from the date of this circular:

- (a) this circular;
- (b) the memorandum of association and Bye-Laws of the Company;
- (c) the annual reports of the Company for the year ended 31 December 2020, 2021 and 2022;
- (d) the valuation report prepared by the Independent Professional Valuer as set out in appendix II to this circular;
- (e) the Sale and Purchase Agreement and other material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (f) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix.