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 2018

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 2018 together with comparative figures for the corresponding year in 2017 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Revenue		**6,379,157**	1,010,768
Cost of sales		**(5,861,184)**	(823,856)
Gross profit		**517,973**	186,912
Other income		**48,591**	11,340
Other gains and losses	*4*	**5,387**	5,543
Distribution costs		**(165,936)**	(28,138)
Administrative expenses		**(159,001)**	(93,388)
Listing expenses		**(33,155)**	-
Net gain from changes in fair value of investment properties		**220,819**	246,285
Gain on re-measurement of previously held interest in associate		**-**	118,832
Share of results of associates		**13,666**	34,623
Finance costs		**(57,988)**	(34,119)
Profit before taxation		**390,356**	447,890
Income tax expense	*5*	**(60,880)**	(77,746)
Profit for the year	*6*	**329,476**	370,144
Profit for the year attributable to:			
Owners of the Company		**282,999**	367,835
Non-controlling interests		**46,477**	2,309
		329,476	370,144

** For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the year ended 31 December 2018

	Notes	**2018** *HK Cents*	2017 *HK Cents*
Earnings per share	*8*		
- Basic		**101.8**	132.4
- Diluted		**101.8**	132.3

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018 *HK$'000*	2017 *HK$'000*
Profit for the year	**329,476**	370,144
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income	**(770)**	-
Items that may be reclassified to profit or loss		
Changes in fair value of available-for-sale investments	**-**	51,047
Realisation of investments reserve upon disposal of available-for-sale investments	**-**	(26,609)
Exchange realignment arising on translation of foreign operation		
- Subsidiaries	**12,311**	25,624
- Associates	**(476)**	16,510
Realisation of translation reserve upon disposal of associate	**-**	(16,162)
	11,835	50,410
Other comprehensive income for the year	**11,065**	50,410
Total comprehensive income for the year attributable to:		
Owners of the Company	**290,693**	415,325
Non-controlling interests	**49,848**	5,229
	340,541	420,554

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**4,598,274**	4,081,883
Property, plant and equipment		**527,685**	353,770
Goodwill		**126,406**	126,406
Interests in associates		**106,156**	92,966
Available-for-sale investments		**-**	223,733
Equity instruments at fair value through profit or loss		**212,291**	-
Equity instruments at fair value through other comprehensive income		**90,754**	-
Deferred tax assets		**67,105**	68,778
Deposits paid		**3,582**	3,180
Other assets		**2,500**	1,300
		5,734,753	4,952,016
Current assets			
Inventories		**640,165**	547,985
Trade and other receivables, deposits and prepayments	*9*	**943,645**	855,243
Amounts due from associates		**-**	16,718
Tax recoverable		**2,185**	14
Investments held-for-trading		**-**	16,661
Equity instruments at fair value through profit or loss		**13,428**	-
Investment in preference shares		**2,870**	-
Pledged deposits		**445,331**	466,337
Bank balances and cash		**586,755**	652,152
		2,634,379	2,555,110
Current liabilities			
Trade payables, other payables and accruals	*10*	**727,880**	711,881
Contract liabilities		**12,310**	-
Amounts due to related companies		**6,616**	-
Derivative financial instruments		**582**	536
Obligations under finance leases		**4,398**	4,173
Tax payable		**17,960**	19,037
Bank borrowings		**2,257,272**	1,667,093
Rental deposits		**6,426**	17,615
		3,033,444	2,420,335
Net current (liabilities) assets		**(399,065)**	134,775
Total assets less current liabilities		**5,335,688**	5,086,791
Non-current liabilities			
Bank borrowings		**835,576**	965,581
Bonds		**274,644**	268,034
Obligations under finance leases		**25,356**	29,082
Deferred tax liabilities		**200,687**	168,288
Rental deposits		**131,934**	114,748
Retirement benefits obligations		**12,327**	10,227
		1,480,524	1,555,960
Net assets		**3,855,164**	3,530,831

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AT 31 DECEMBER 2018

	2018	2017
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**27,797**	27,797
Share premium	**73,400**	73,400
Other reserves	**(19,146)**	52,732
Retained profits	**3,441,825**	3,082,233
Equity attributable to owners of the Company	**3,523,876**	3,236,162
Non-controlling interests	**331,288**	294,669
Total equity	**3,855,164**	3,530,831

Notes:

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENT

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$399,065,000 as at 31 December 2018. The directors of the Company believe that the existing loan facilities will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has a number of sources of funds available to enable its obligation and commitments to be settled on a timely manner. In addition, the Group will be able to withdraw the unutilised bank facilities or obtain additional financing from financial institutions by taking into account the carrying amount of the Group's assets which have not been pledged. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accounts (the "HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

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

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group's major revenue streams are distribution of mobile and IT products in Hong Kong and Thailand, leasing of investment properties in Japan, Hong Kong and Singapore and hotel operations in Japan. Rental income from investment properties continued to be accounted for under HKAS 17 Leases.

Summary of effects arising from initial application of HKFRS 15

As at 1 January 2018, advances from customers of HK$5,336,000 previously included in trade payables, other payables and accruals were reclassified to contract liabilities in the consolidated statement of financial position at 1 January 2018.

At 31 December 2018, the contract liabilities of HK$12,310,000 (as reported), would have been presented as advances from customers included in trade payables, other payables and accruals in the Group's consolidated statement of financial position if HKFRS 15 has not been applied.

At 31 December 2018, increase in contract liabilities of HK$12,310,000, would have been presented as increase in trade payables, other payables and accruals under operating activities in the Group's consolidated statement of cash flows if HKFRS 15 has not been applied.

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to others HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for- sale investments HK$'000	Investments held-for-trading HK$'000	Equity instruments at FVTPL HK$'000	Equity instruments at FVTOCI HK$'000	Investment reserve HK$'000	Retained profits HK$'000
Closing balance at 31 December 2017 - HKAS39		223,733	16,661	-	-	80,394	3,082,233
Effect arising from initial application of HKFRS 9:							
Reclassification							
From available-for-sale investments	(a)	(223,733)	-	163,032	60,701	(87,712)	87,712
From investment held-for-trading	(b)	-	(16,661)	16,661	-	-	-
Remeasurement							
From cost less impairment to fair value	(a)	-	-	-	8,140	8,140	-
Opening balance at 1 January 2018		-	-	179,693	68,841	822	3,169,945

Notes:

(a) Available-for-sale ("AFS") investments

From AFS equity investments to fair value through other comprehensive income (" FVTOCI")
The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held-for-trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$60,701,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gain of HK$8,140,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and investment reserve as at 1 January 2018.

In addition, impairment losses previously recognised of HK$7,318,000 were transferred from retained profits to investment reserve as at 1 January 2018.

From AFS investments to fair value through profit or loss ("FVTPL")
At the date of initial application of HKFRS 9, the Group's equity investments of HK$163,032,000 were reclassified from available-for-sale investments to equity instruments at FVTPL. The fair value gains of HK$80,394,000 relating to those investments previously carried at fair value were transferred from investment reserve to retained profits.

(b) Financial instruments at FVTPL

The Group reassessed its investment in certain equity investments classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the fact and circumstances as at date of initial application, HK$16,661,000 were held for trading and continued to be measured at FVTPL.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade and lease receivables. Trade and lease receivables have been assessed collectively using a provision matrix with appropriate groupings.

ECL for other financial assets at amortised cost mainly comprise of other receivables, pledged deposits, bank balances and financial instrument at amortised cost are assessed on 12-month ("12m") ECL basis as there had been no significant increase in credit risk since initial recognition.

The directors of the Company considered that that measurement of ECL has no material impact to the Group's retained profits as at 1 January 2018.

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited)	HKFRS 15	HKFRS 9	1 January 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Available-for-sale investments	223,733	-	(223,733)	-
Equity instruments at fair value through profit or loss	-	-	163,032	163,032
Equity instruments at fair value through other comprehensive income	-	-	60,701	60,701
Current assets				
Investments held-for-trading	16,661	-	(16,661)	-
Equity instruments at fair value through profit or loss	-	-	16,661	16,661
Current liabilities				
Trade payables, other payables and accruals	711,881	(5,336)	-	706,545
Contract liabilities	-	5,336	-	5,336

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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[5] Effective for annual periods beginning on or after 1 January 2020

Except for the new and 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 HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments will be mandatorily effective to the Group prospectively for acquisition transactions completed on or after 1 January 2020.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK$49,725,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short –term lease.

In addition, the Group currently considers refundable rental deposits paid of HK$3,160,000 and refundable rental deposits received of HK$138,360,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be included in the initial measurement of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on the distribution of mobile and IT products (Hong Kong and Thailand), property investment and hotel operations (Japan and other regions) and securities investment. Segment liabilities have not been presented as these are not presented to the CODM.

During the year, the property investment and hotel operation in Japan become a reportable segment resulting from changes in resource allocation and assessment of segment performance by CODM. Therefore, certain comparative figures of the segment information have been restated.

Segment revenue and results

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

	For the year ended 31 December 2018					
	Distribution of mobile and IT products		Property investment and hotel operation			
	Hong Kong *HK$'000*	Thailand *HK$'000*	Japan *HK$'000*	Other regions *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment revenue						
External sales	**854,924**	**5,261,628**	**221,368**	**41,237**	**-**	**6,379,157**
Segment (loss) profit	**(8,030)**	**140,654**	**157,345**	**193,832**	**11,011**	**494,812**
Share of results of associates						**13,666**
Listing expenses						**(33,155)**
Finance costs						**(57,988)**
Other unallocated income						**19,818**
Unallocated corporate expenses						**(46,797)**
Profit before tax						**390,356**

Segment revenue and results *(Continued)*

	For the year ended 31 December 2017				
		Property investment and hotel operation			
	Distribution of mobile and IT Products*	Japan	Other regions	Securities investment	Total
	HK$'000	*HK$'000* (Restated)	*HK$'000* (Restated)	*HK$'000*	*HK$'000*
Segment revenue					
External sales	766,323	206,887	37,558	-	1,010,768
Segment (loss) profit	(40,582)	137,641	236,632	23,218	356,909
Loss on disposal of subsidiaries					(97)
Gain on re-measurement of previously held interest in associate					118,832
Impairment loss on interest in associate					(219)
Share of results of associates					34,623
Finance costs					(34,119)
Other unallocated income					14,186
Unallocated corporate expenses					(42,225)
Profit before tax					447,890

* This relates only to the Group's operation in Hong Kong as the acquisition of additional interest in SiS Distribution (Thailand) Public Company Limited was completed towards the end of 2017.

Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, listing expenses, impairment loss on interest in associate, gain on re-measurement of previously held interest in associate, share of results of associates, finance costs and other unallocated income.

4. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
(Allowance for) reversal of allowance of credit losses	**(352)**	568
Impairment loss on available-for-sale investments	**-**	(7,318)
Impairment loss on interest in associate	**-**	(219)
Loss on disposal of subsidiaries	**-**	(97)
Gain on disposal of property, plant and equipment	**38**	376
Gain on disposal of available-for-sale investments	**-**	26,609
Exchange (loss) gain, net	**(1,294)**	12,394
Gain from changes in fair value of investments held-for-trading	**-**	3,230
Gain from changes in fair value of equity instruments at FVTPL	**7,041**	-
Provision for litigation and other related expenses	**-**	(30,000)
Loss from changes in fair value of derivate financial instruments	**(46)**	-
	5,387	5,543

5. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**18**	797
Overseas:		
Corporate tax	**27,105**	1,571
Withholding tax on declared dividend income	**2,533**	2,570
	29,656	4,938
Under(over)provision in prior years		
Hong Kong	**(30)**	-
Overseas	**416**	(570)
	30,042	4,368
Deferred taxation	**30,838**	73,378
	60,880	77,746

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for the qualified entity.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2017.

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

Corporate Tax in Japan is calculated at 23.4% (2017: 23.4%) 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% on the estimated assessable profit for the year.

6. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including reversal of allowance on obsolete and slow moving inventories of HK$913,000 (2017: HK$1,047,000))	**5,753,481**	722,068
Depreciation of property, plant and equipment	**23,537**	8,128
Interest on bank borrowings and bonds	**57,036**	33,065
Interest on finance leases	**952**	1,054
and after crediting:		
Dividend income from available-for-sale investments	**-**	361
Dividend income from investments held-for-trading	**-**	336
Dividend income from equity instruments at FVTOCI	**1,731**	-
Dividend income from equity instruments at FVTPL	**2,239**	-
Interest on bank deposits	**10,196**	3,237

7. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2017 of 4.0 HK cents per share (2017: 3.0 HK cents per share in respect of the year ended 31 December 2016)	**11,119**	8,339

A final dividend of HK7.0 cents per share amounting to HK$19,458,000 for the year ended 31 December 2018 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of both the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$282,999,000 (2017: HK$367,835,000) and the weighted average number of ordinary shares calculated below.

	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**277,966,666**	277,873,515
Effect of dilutive potential ordinary share: Share options issued by the Company	**108,069**	52,541
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**278,074,735**	277,926,056

The computation of diluted earnings per share for the year ended 31 December 2017 and 2018 did not assume the exercise of certain share options of the Company and share options of SiS Mobile Holdings Limited ("SiS Mobile") as the exercise prices of those options are higher than the average market prices of the shares of the Company and SiS Mobile for both years.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the trade and other receivables, deposits and prepayments are trade receivables of HK$815,095,000 (2017: HK$725,689,000). The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**410,650**	430,390
31 to 90 days	**355,989**	260,913
91 to 120 days	**33,040**	11,229
Over 120 days	**15,416**	23,157
Trade receivables	**815,095**	725,689

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows credit period range from 30 to 90 days to its trade customers. No credit period is granted to the customers for renting of properties. Rent is payable on presentation of a demand note. No interest is charged on overdue debts.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK$456,699,000 (2017: HK$453,251,000). The following is an aged analysis of the trade payables, presented based on the invoice date, at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**271,665**	323,297
31 to 90 days	**167,620**	118,267
91 to 120 days	**8,470**	1,205
Over 120 days	**8,944**	10,482
Trade payables	**456,699**	453,251

The average credit period on purchase of goods is 30 to 60 days. The Group has policies in place to ensure that all payables are paid within the credit time frame.

11. CAPITAL COMMITMENTS

	2018	2017
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Investment in unquoted equity instruments	**1,014**	-
Refurbishment of investment properties	**177,867**	-

12. CONTINGENT LIABILITIES

During the year ended 31 December 2017, an originating notice of application (the "Originating Notice") filed with the Competition Tribunal of the Hong Kong Special Administrative Region (the "Competition Tribunal") was served on SiS International Limited, a wholly-owned subsidiary of the Group ("SiS International"), by the legal adviser of the applicant, the Competition Commission (the "Applicant"). According to the Originating Notice, the Applicant alleged that, among other things, SiS International, along with other respondents under the Originating Notice (the "Respondents"), has contravened section 6(1) of the Competition Ordinance (Cap. 619, the laws of Hong Kong) (the "First Conduct Rule") and the Applicant seeks orders from the Competition Tribunal, amongst other reliefs, for pecuniary penalty to be imposed on the Respondents and declaration that each Respondent has contravened the First Conduct Rule.

The hearing before the Competition Tribunal was completed in September 2018. As judgement have not been handed down, the ultimate outcome and liability of the claim cannot be ascertained at 31 December 2018. The Group has made provision for the litigation and the related expense to the consolidated financial statements and the directors of the Company are of the opinion that further financial effects, if any, are not likely to be significant to the Group.

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 7.0 HK cents per share (the "Final Dividend") payable to shareholders on the register of members on 5 July 2019. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 25 July 2019.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 4 July and 5 July 2019, 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 2018, 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 22/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 3 July 2019.

BUSINESS REVIEW

Revenue for the year ended 31 December 2018 increased 531% to HK$6,379million. Net profit for the year decreased 11.0% to HK$329.5 million.

Total assets of the Group increased 11.5% to HK$8,369 million, with properties appreciation of HK$220.8 million for the year. Net assets value per share increased from HK$12.7 to HK$13.9.

Our transformation to build multiple income streams has now taken root with the inclusion of SiS Distribution (Thailand) Public Company Limited as a non-wholly owned subsidiary. We have now build three (3) core businesses namely Real Estate Investment, Distribution and IT investment with strong revenue and profit. These three (3) strong pillars will be our base and driving force for growth and future success.

Real Estate Investments Business

The total revenue from Group's real estate investment portfolio for the year increased 7.4% from HK$244.4 million to HK$262.6 million and generated a segment profit (excluding gains from change in fair value) of HK$130.4 million as compared to HK$128.0 million last year.

We have had over the past 7 years build up a sizeable real estate portfolio that continues to generate income that contributed significantly to the Group. At the end of 2018, the total number of hotels and hospitality properties in Japan stood at eighteen (18) with a total carrying value of HK$2,963.8 million. Revenue for Japan real estate increased 7.7% when compared to the same period last year.

The Group's investment properties in Hong Kong, Singapore and Thailand including the newly acquired property in Hong Kong, amounted to total market value of HK$1,815.8 million at the year end.

We believe this sizeable portfolio of income generating properties with long term potential for capital appreciation will continue to contribute positively to the results of the Group.

Distribution Business

It has been a good year for our distribution business in Thailand, through our non-wholly owned listed subsidiary SiS Distribution (Thailand) Public Company Limited ("SiS Thai"). SiS Thai contributed HK$5,261.6 million revenue to the Group and reported a segment profit of HK$140.7 million. Demand for Enterprise, Smartphone and consumer products have grown considerably in Thailand during 2018.

Revenue from Distribution Business in Hong Kong increased 11.6% to HK$854.9 million with the increase in demand for storage, networking and security products. Segment loss has reduced as compared to the same period last year.

Technology is constantly changing and we recognize that all businesses are rapidly changing and transforming. Over the past 3 decades, the Group have been very successful in identifying innovative products and have been in the forefront in bringing them to the Asia market; from PC, to software, to Network, to Personal transporter like Segway, to Smart Phones… We are in interesting and exciting era with many more new innovations coming into the horizon – the introduction of 5G technology, Smart IOT, Artificial Intelligence, autonomous driving… promising to change the way we work, live and move. The Group experience with introducing new innovations products and with an established distribution and reseller network is poised to capture new growth opportunities

Investment in IT, Securities and other Businesses

In Bangladesh, our associate company, Information Technology Consultants Limited (“ITCL”) continues to grow and contributed HK$5.1 million to the Group during the year, with a 161% growth as compared to same period last year. Transaction processing and services revenue increased substantially offsetting the lower sales of hardware to banks in Bangladesh. Bangladesh economy remained strong and ITCL has taken initiatives to introduce new technologies for electronic payment services to the market.

During the year of 2018, the Group made a further investment in our securities portfolio. Carrying value of the portfolio amounted to HK$316.5 million of which 71.3% are in listed securities. The fair value gain from securities investment (stated as financial assets at fair value through profit and loss) amounted to HK$7.0 million as compared with fair value loss last year. In addition, we recorded HK$4.0 million dividend income from the portfolio.

The Group will continue to evaluate and make selective investment in promising securities and companies with potentials.

PROSPECT

SiS is positioned for continuous growth and success.

We believe that the world is changing faster today than at any other point in our Company’s history. This in turn open up new opportunity for the Group - the increase in budget travelers and airlines offer opportunities for our real estate and hospitality business in Japan. On the other hand, the rapid adoption of e-payment present opportunities for our business’ growth in Bangladesh, Technology innovations will bring new sets of vendors to our distribution business..

Against a backdrop of global uncertainties and challenging outlook in the coming year with US - China trade tensions, Brexit, the directors are cautiously moving ahead with confidence.

While things are changing rapidly, some good things remained unchanged. We remain focused on maximizing shareholders value with determination to succeed, commitment to efficient execution and business excellence. The Group will continue to improve and enhance operational capabilities to increase overall returns to our shareholders

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2018, the Group had total assets of HK$8,369,132,000 which were financed by total equity of HK$3,855,164,000 and total liabilities of HK4,513,968,000. The Group had a current ratio of approximately 0.87 compared to that of approximately 1.06 at 31 December 2017.

As at year end 2018 the Group had HK$1,032,086,000 (2017: HK$1,118,489,000) bank deposits balances and cash of which HK$445,331,000 (2017: HK$466,337,000) 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 2018, the Group had short term borrowings of HK$2,257,272,000 (2017: HK$1,667,093,000) and long term borrowings and bonds of HK$1,110,220,000 (2017: HK$1,233,615,000). The borrowings were mainly denominated in Japanese Yen, Thai Baht and Hong Kong Dollar, and were charged by banks at floating interest rates.

At the end of December 2018, the Group had a net cash deficit (total bank borrowings and bonds, less bank balances and cash and pledged deposits) of HK$2,335,406,000 (2017: HK$1,782,219,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2018 was 87% (2017: 82%).

Charges on Group Assets
At the balance sheet date, the Group's had pledged deposits of HK$445,331,000 (2017: HK$466,337,000), investment properties with carrying value of HK$4,361,882,000 (2017: HK$3,912,647,000) and property, plant and equipment with carrying value of HK$362,652,000 (2017: HK$180,970,000) 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 31 December 2018 and 2017 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 2018 was 652 (2017: 702) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK$153,042,000 (2017: HK$44,750,000) for the year ended 31 December 2018. 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 2018, 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 2018 the Group had outstanding forward contracts of notional amount HK$94,364,000 (2017: 63,164,000) which were measured at fair value at the reporting date.

Contingent Liabilities
No corporate guarantees of the Company extended to banks as security for banking facilities to the Group. (2017: HK$154,000,000).

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 2018 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 2018, 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 2017 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 2018, 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 2018 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 2018.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.sisinternational.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2018 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 2019.

APPRECIATION

We would like to thank our committed staff for their contributions, our customers, business partners, shareholders and directors for their support in SiS. Our success would not have been possible without their dedication, contributions, efforts, time and confidence.

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

Hong Kong, 28 March 2019

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.