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 2019

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 2019 together with comparative figures for the corresponding year in 2018 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue		**6,415,933**	6,379,157
Cost of sales		**(5,863,267)**	(5,861,184)
Gross profit		**552,666**	517,973
Other income		**56,141**	48,591
Other gains and losses	*4*	**(21,456)**	5,387
Distribution costs		**(184,736)**	(165,936)
Administrative expenses		**(158,306)**	(159,001)
(Loss) gain from changes in fair value of investment properties		**(13,115)**	220,819
Listing expenses		**(6,029)**	(33,155)
Share of results of associates		**4,622**	13,666
Finance costs		**(72,010)**	(57,988)
Profit before taxation		**157,777**	390,356
Income tax expense	*5*	**(36,565)**	(60,880)
Profit for the year	*6*	**121,212**	329,476
Profit for the year attributable to:			
Owners of the Company		**78,781**	282,999
Non-controlling interests		**42,431**	46,477
		121,212	329,476

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the year ended 31 December 2019

	Notes	**2019**	2018
		HK Cents	*HK Cents*
Earnings per share	*8*		
- Basic		**28.3**	101.8
- Diluted		**28.3**	101.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**121,212**	329,476
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	**182**	(770)
Items that may be reclassified to profit or loss		
Exchange realignment arising on translation of foreign operation		
- Subsidiaries	**39,484**	12,311
- Associates	**(579)**	(476)
	38,905	11,835
Other comprehensive income for the year	**39,087**	11,065
Total comprehensive income for the year attributable to:		
Owners of the Company	**105,511**	290,693
Non-controlling interests	**54,788**	49,848
	160,299	340,541

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**5,004,030**	4,598,274
Property, plant and equipment		**514,369**	527,685
Right-of-use assets		**63,648**	-
Goodwill		**126,406**	126,406
Interests in associates		**108,202**	106,156
Equity instruments at fair value through profit or loss		**176,189**	212,291
Equity instruments at fair value through other comprehensive income		**91,495**	90,754
Deferred tax assets		**78,567**	67,105
Other financial assets		**13,078**	3,582
Other assets		**2,500**	2,500
		6,178,484	5,734,753
Current assets			
Inventories		**824,832**	640,165
Trade and other receivables, deposits and prepayments	*9*	**1,188,188**	943,645
Amount due from an associate		**355**	-
Tax recoverable		**112**	2,185
Equity instruments at fair value through profit or loss		**14,362**	13,428
Investment in preference shares		**-**	2,870
Pledged deposits		**454,759**	445,331
Bank balances and cash		**668,091**	586,755
		3,150,699	2,634,379
Current liabilities			
Trade payables, other payables and accruals	*10*	**810,057**	727,880
Contract liabilities		**22,871**	12,310
Lease liabilities		**18,348**	-
Advance lease payment		**2,734**	-
Amounts due to an associate		**1,382**	-
Amounts due to related companies		**-**	6,616
Derivative financial instruments		**975**	582
Obligations under finance leases		**-**	4,398
Tax payable		**23,696**	17,960
Bank borrowings		**2,472,273**	2,257,272
Rental deposits		**34,613**	6,426
		3,386,949	3,033,444
Net current liabilities		**(236,250)**	(399,065)
Total assets less current liabilities		**5,942,234**	5,335,688
Non-current liabilities			
Bank borrowings		**1,233,510**	835,576
Bonds		**277,782**	274,644
Lease liabilities		**90,185**	-
Obligations under finance leases		**-**	25,356
Advance lease payments		**50,911**	-
Deferred tax liabilities		**203,738**	200,687
Rental deposits		**90,904**	131,934
Retirement benefits obligations		**21,984**	12,327
		1,969,014	1,480,524
Net assets		**3,973,220**	3,855,164

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AT 31 DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**27,797**	27,797
Share premium	**73,400**	73,400
Other reserves (deficits)	**7,584**	(19,146)
Retained profits	**3,501,431**	3,441,825
Equity attributable to owners of the Company	**3,610,212**	3,523,876
Non-controlling interests	**363,008**	331,288
Total equity	**3,973,220**	3,855,164

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$236,250,000 as at 31 December 2019. 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")

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 January 2019.

For leases that were classified as operating leases, the Group recognised additional lease liabilities and right-of-use assets at amounts to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition as at 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

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

2 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

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

4 Effective for annual periods beginning on or after 1 January 2020

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

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be 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:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The Group will apply the amendments prospectively to all business combinations and asset acquisitions for which the acquisition date is 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 judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

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.

3. SEGMENT INFORMATION

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

Segment revenue and results

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

	For the year ended 31 December 2019					
	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	**999,554**	**5,136,972**	**235,142**	**44,265**	**-**	**6,415,933**
Segment profit (loss)	**20,588**	**147,521**	**78,589**	**53,834**	**(28,298)**	**272,234**
Share of results of associates						**4,622**
Listing expenses						**(6,029)**
Finance costs						**(72,010)**
Other unallocated income						**12,313**
Unallocated corporate expenses						**(53,353)**
Profit before taxation						**157,777**

	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	221,369	41,236	-	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 taxation						390,356

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

4. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Allowance for credit losses	**(4,072)**	(352)
Impairment loss on property, plant and equipment	**(15,539)**	-
(Loss) gain on disposal of property, plant and equipment	**(1,829)**	38
Exchange gain (loss), net	**1,504**	(1,294)
(Loss) gain from changes in fair value of equity instruments at FVTPL	**(31,181)**	7,041
Reversal of provision for litigation and other related expenses	**30,000**	-
Loss from changes in fair value of derivate financial instruments	**(339)**	(46)
	(21,456)	5,387

5. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**690**	18
Overseas:		
Corporate tax	**39,228**	27,105
Withholding tax on declared dividend income	**1,559**	2,533
	41,477	29,656
Under(over)provision in prior years		
Hong Kong	**2,272**	(30)
Overseas	**(33)**	416
	43,716	30,042
Deferred taxation	**(7,151)**	30,838
	36,565	60,880

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. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

Corporate Tax in Japan is calculated at 23.2% (2018: 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% (2018: 20%) on the estimated assessable profit for the year.

6. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including allowance for obsolete and slow moving inventories of HK$4,595,000 (2018: reversal of allowance for obsolete and slow moving inventories of HK$913,000))	**5,752,953**	5,753,481
Depreciation of property, plant and equipment	**24,962**	23,537
Depreciation of right-of-use assets	**11,421**	-
Interest on bank borrowings and bonds	**68,634**	57,036
Interest on leases liabilities/finance leases	**1,649**	952
Interest on rental deposits	**1,727**	-
and after crediting:		
Dividend income from equity instruments at FVTOCI	**831**	1,731
Dividend income from equity instruments at FVTPL	**2,052**	2,239
Interest on bank deposits	**12,322**	10,196

7. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2018 of 7.0 HK cents per share (2018: 4.0 HK cents per share in respect of the year ended 31 December 2017)	**19,458**	11,119

A final dividend of HK2.0 cents per share amounting to HK$5,559,000 for the year ended 31 December 2019 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$78,781,000 (2018: HK$282,999,000) and the weighted average number of ordinary shares calculated below.

	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	**277,966,666**	277,966,666
Effect of dilutive potential ordinary share: Share options issued by the Company	**-**	108,069
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**277,966,666**	278,074,735

8. EARNINGS PER SHARE *(Continued)*

The computation of diluted earnings per share for the year ended 31 December 2019 did not assume the exercise of all share options of the Company and share options of SiS Mobile Holdings Limited ("SiS Mobile") as the exercise prices of those options are higher than the average market prices of the shares of the Company and SiS Mobile for the year.

The computation of diluted earnings per share for the year ended 31 December 2018 did not assume the exercise of certain share options of the Company and share options of SiS Mobile as the exercise prices of those options are higher than the average market prices of the Company and SiS Mobile for the year.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the trade and other receivables, deposits and prepayments are trade receivables of HK$982,633,000 (2018: HK$815,095,000). The following is an aged analysis of trade and lease receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**469,723**	410,650
31 to 90 days	**426,720**	355,989
91 to 120 days	**39,709**	33,040
Over 120 days	**46,481**	15,416
Trade receivables	**982,633**	815,095

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$525,265,000 (2018: HK$456,699,000). The following is an aged analysis of the trade payables, presented based on the invoice date, at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**368,688**	271,665
31 to 90 days	**144,271**	167,620
91 to 120 days	**2,856**	8,470
Over 120 days	**9,450**	8,944
Trade payables	**525,265**	456,699

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

	2019	2018
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Investment in unquoted equity instruments	**780**	1,014
Refurbishment of investment properties	**37,759**	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. On 17 May 2019, the Competition Tribunal handed down a judgement where the application against SiS International was dismissed. Accordingly, the provision for the litigation and related expenses were reversed during the year.

FINAL DIVIDEND

To reward loyal shareholders, the directors recommend a final dividend of 2.0 HK cents per share (the "Final Dividend") payable to shareholders on the register of members on 3 July 2020. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend will be payable in cash on 23 July 2020.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed on 2 July and 3 July 2020, 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 2019, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 54/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 30 June 2020.

BUSINESS REVIEW

Revenue for the year ended 31 December 2019 increased HK$37 million to HK$6,416 million. Net profit for the year reduced 63% to HK$121 million mainly due to reduction in valuation of properties and securities investments.

Total assets of the Group increased 11% to HK$9,329 million. Net assets value per share increased from HK$13.9 to HK$14.3.

Real Estate Investments Business

Total rental income from real estate investment business increased 6% to HK$279.4 million during the year and generated a segment profit (excluding change in fair value of property) of HK$145.5 million as compared to HK$130.4 million last year.

We are proud that on 13 December 2019, we renamed Rinku Gate Tower Building - Japan's third tallest iconic skyscraper in Osaka to SiS Rinku Tower. This is a significant date and miles stone for the Group. A new 258 rooms - Oriental Suites Airport Osaka Rinku hotel was also opened at the same building. During the year, the Group enlarged the number of hotel and hospitality properties in Japan from eighteen (18) to twenty (20). The carrying value of the enlarged portfolio now stood at HK$3,211 million.

Whilst many of these properties continue to contribute stable incomes, we registered a net fair valuation loss of HK$23.8 million for investment properties in Japan as compared to the same period last year. (2018: gain of HK$61.9 million).

The Group's investment properties in Hong Kong, Singapore and Thailand amounted to total market value of HK$1,793 million as at 31 December 2019. The fair value gain of HK$10.7 million recorded was lower than that of the same period last year (2018: gain of HK$158.9 million).

Distribution Business

During the year, total revenue from distribution business increased by HK$20 million as compared to the same period last year. Revenue from distribution in Thailand decreased 2% due to the slowdown in new smartphone demand and intense competition in entry level smartphones in Thailand. The demand for Smartphones in Hong Kong continued its downward trend amid weakening demand for both entry level and higher end handsets and the political unrest. Revenue from I.T. Distribution business increased by 17% with higher demand for storage, networking and security products.

Investment in IT, Securities and other Businesses

Our associate company, Information Technology Consultants Limited ("ITCL") recorded a 25% growth and contributed HK$6.4 million to the Group. This notable growth was driven by the increasing Transaction processing, services and maintenance in the banking and financial sector in Bangladesh. ITCL is on track to provide automation technologies for electronic payment services to the market.

Carrying value of the Group's securities investment portfolio amounted to HK$282 million of which 72% are listed in securities. The fair value loss from securities investment (stated as financial assets at fair value through profit and loss) from several of the listed securities amounted to HK$31 million as compared with a fair value gain of HK$7.0 million during the same period last year.

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

PROSPECT

The outlook for the year remains extremely challenging. The COVID-19 outbreak which accelerated at the end of January 2020 has caused tremendous disruptions to global supply chains and impacted businesses. The outbreak that is now spreading fast across western countries has also led a global slowdown. Like SARS and many other past dreadful diseases, the epidemic caused by the COVID-19 will end as countries all over the world take aggressive measures to bring it to a halt.

The fundamentals of the Group remain strong. Every challenge presents new opportunity. Despite the challenging and unstable global economic outlook for the year 2020, the Group is cautiously moving ahead with confidence. With an experienced and effective management team and solid balance sheet, we will tackle and weather through the tough & turbulent period and emerged stronger. We will continue to build on our core strengths and build a dynamic key team as we focus on our four pillars of Businesses – Real Estate, Distribution, Investments and Asset Management.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2019, the Group had total assets of HK$9,329,183,000 which were financed by total equity of HK$3,973,220,000 and total liabilities of HK5,355,963,000. The Group had a current ratio of approximately 0.93 compared to that of approximately 0.87 at 31 December 2018.

As at year end 2019 the Group had HK$1,122,850,000 (2018: HK$1,032,086,000) bank deposits balances and cash of which HK$454,759,000 (2018: HK$445,331,000) 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 2019, the Group had short term borrowings of HK$2,472,273,000 (2018: HK$2,257,272,000) and long term borrowings and bonds of HK$1,511,292,000 (2018: HK$1,110,220,000). 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 2019, the Group had a net cash deficit (total bank borrowings and bonds, less bank balances and cash and pledged deposits) of HK$2,860,715,000 (2018: HK$2,335,406,000).

Gearing ratio, as defined by total bank borrowings and bonds to total equity as at 31 December 2019 was 100% (2018: 87%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK$454,759,000 (2018: HK$445,331,000), investment properties with carrying value of HK$4,705,311,000 (2018: HK$4,361,882,000) and property, plant and equipment with carrying value of HK$344,743,000 (2018: HK$362,652,000) 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 2019 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 2019 was 700 (2018: 652) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments and share option expenses, amounted to HK$179,333,000 (2018: HK$153,042,000) for the year ended 31 December 2019. 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 2019, 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 2019 the Group had outstanding forward contracts of notional amount HK$226,239,000 (2018: 94,364,000) which were measured at fair value at the reporting date.

Event after the reporting period

Arising from the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak and unpredictability of future development, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these consolidated financial statements are authorised for issue.

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 2019 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 2019, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in pages 11 of the Group's 2018 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 2019, 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 2019 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 2019.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2019.

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 2019 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 2020.

APPRECIATION

We continue to build on our success with our entrepreneurial spirit throughout the organization. With a leadership team that has driven exceptional execution and a great team of talented People, Our People and Our Team make the difference as we constantly challenge ourselves to scale to greater heights and strive for the best. I would like to thank our People — our committed staff for their hard work and contributions, together with our Team that consists of our customers, business partners, shareholders and directors for their support in SiS.

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

Hong Kong, 27 March 2020

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.