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SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The directors (the “Directors”) of SiS International Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2012 together with comparative figures for the corresponding year in 2011 which are set out as follow:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

		2012 HK\$'000	2011 HK\$'000 (Restated)
	Notes		
Continuing operations			
Revenue	3	2,098,168	1,328,274
Cost of sales		<u>(1,968,406)</u>	<u>(1,262,186)</u>
Gross profit		129,762	66,088
Other income		7,545	13,357
Other gains and losses	4	40,881	(22,862)
Distribution costs		(22,454)	(9,056)
Administrative expenses		(48,965)	(49,520)
Change in fair value of investment properties		99,458	129,550
Share of results of associates		(74,835)	19,041
Share of result of a jointly controlled entity		(851)	645
Finance costs		<u>(475)</u>	<u>(448)</u>
Profit before tax		130,066	146,795
Income tax expense	5	<u>(2,465)</u>	<u>(1,359)</u>
Profit for the year from continuing operations	6	127,601	145,436
Discontinued operations			
Gain on disposal of subsidiaries constituting discontinued operations	7	<u>31,742</u>	<u>549,885</u>
Profit for the year attributable to owners of the Company		<u>159,343</u>	<u>695,321</u>

* For identification purposes only

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2012

	Notes	2012	2011 (Restated)
EARNINGS PER SHARE	9	HK Cents	HK Cents
From continuing and discontinued operations			
- Basic		<u>57.5</u>	<u>252.0</u>
- Diluted		<u>57.4</u>	<u>251.2</u>
From continuing operations			
- Basic		<u>46.1</u>	<u>52.7</u>
- Diluted		<u>46.0</u>	<u>52.5</u>
From discontinued operations			
- Basic		<u>11.4</u>	<u>199.3</u>
- Diluted		<u>11.4</u>	<u>198.7</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit for the year	<u>159,343</u>	<u>695,321</u>
Other comprehensive income (expense):		
Gain on fair value changes of available-for-sale investments	669	13,161
Reclassification for cumulative fair value gain attributable to disposal of available-for-sale investments to profit or loss	(27,893)	(3,941)
Reclassification of the cumulative exchange difference attributable to disposed subsidiaries to profit or loss	-	(26,804)
Exchange realignment arising on translation of foreign operations	21	(196)
Exchange realignment arising on translation of associates and a jointly controlled entity	4,230	(7,379)
Revaluation gain on property, plant and equipment upon transfer to investment properties	-	933
Other comprehensive expense for the year	<u>(22,973)</u>	<u>(24,226)</u>
Total comprehensive income for the year attributable to owners of the Company	<u>136,370</u>	<u>671,095</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

		<u>31.12.2012</u>	<u>31.12.2011</u>	<u>1.1.2011</u>
	Notes	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Restated)</i>	<i>(Restated)</i>
Non-current assets				
Investment properties		1,212,458	835,067	699,924
Property, plant and equipment		23,572	21,373	23,890
Interests in associates		141,239	216,708	163,206
Interests in a jointly controlled entity		9,043	17,887	17,242
Available-for-sale investments		87,163	107,767	62,854
Deferred tax assets		272	-	-
		<u>1,473,747</u>	<u>1,198,802</u>	<u>967,116</u>
Current assets				
Inventories		76,119	153,257	139,641
Trade and other receivables, deposits and prepayments	10	194,214	135,376	90,720
Tax recoverable		136	5	31
Investments held-for-trading		10,876	51,937	45,607
Pledged deposits		341,189	-	-
Bank balances and cash		410,009	585,398	59,901
		<u>1,032,543</u>	<u>925,973</u>	<u>335,900</u>
Assets classified as held for sale	11	2,367	-	1,386,035
		<u>1,034,910</u>	<u>925,973</u>	<u>1,721,935</u>
Current liabilities				
Trade payables, other payables and accruals	12	144,157	151,179	116,473
Bills payable		5,107	-	-
Deposits received for investment properties held for sale		-	-	705
Derivative financial instruments		-	5,429	-
Tax payable		33,860	31,542	8,357
Bank loans		297,000	-	226,176
		<u>480,124</u>	<u>188,150</u>	<u>351,711</u>
Liabilities associated with assets classified as held for sale		-	-	1,043,476
		<u>480,124</u>	<u>188,150</u>	<u>1,395,187</u>
Net current assets		<u>554,786</u>	<u>737,823</u>	<u>326,748</u>
Total assets less current liabilities		<u>2,028,533</u>	<u>1,936,625</u>	<u>1,293,864</u>
Non-current liabilities				
Deferred tax liabilities		-	5,677	8,842
Net assets		<u>2,028,533</u>	<u>1,930,948</u>	<u>1,285,022</u>
Capital and reserves				
Share capital		27,703	27,703	27,235
Share premium		71,367	71,367	61,129
Reserves		47,631	70,604	97,481
Retained profits		1,881,832	1,761,274	1,099,177
Total equity attributable to owners of the Company		<u>2,028,533</u>	<u>1,930,948</u>	<u>1,285,022</u>

Notes:

1. GENERAL

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset;
Amendments to HKFRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009- 2011 Cycle Issued in 2012

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

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the directors have determined that the presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group had recognised deferred taxes on changes in fair value of investment properties on the basis that the carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK\$28,489,000 and HK\$51,230,000 as at 1 January 2011 and 31 December 2011, respectively with the corresponding credit being recognised in retained profits. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2011 and 31 December 2012 being reduced by HK\$22,741,000 and HK\$21,483,000 respectively and profit for the respective years being increased by the same amount.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) (Continued)

As a result of the adjustments, the basic and diluted earnings per share from continuing and discontinued operations for the year ended 31 December 2011 have been increased by 8.2 HK cents from 243.8 HK cents and 243.0 HK cents to 252.0 HK cents and 251.2 HK cents respectively whereas the basic and diluted earnings per share for the year ended 31 December 2012 have been increased by 7.8 HK cents and 7.7 HK cents respectively.

Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* for the first time which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 January 2011 without the related notes.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle, except for the amendments HKAS 1 ¹
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ²
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) (Continued)

¹ Effective for annual periods beginning on or after 1 January 2013.

² Effective for annual periods beginning on or after 1 January 2014.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 July 2012.

The directors anticipate that the adoption of HKFRS 9 may have an impact on amounts reported in the consolidated financial statements in relation to the investments classified under available-for-sale. It is not practicable to estimate the effect until a detailed review has been completed.

The directors consider that the application of HKFRS 10, HKFRS 11, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), together with amendments relating to the transitional guidance on the application of these HKFRS issued in July 2012, does not have any impact on the amounts reported in the consolidated financial statements.

The directors expect that the application of HKFRS 12, a disclosure standard applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities, will result in more extensive disclosure in the consolidated financial statements.

The directors anticipate that the application of HKFRS 13 may affect the unlisted equity securities classified under available-for-sale investments reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact in the consolidated financial statements.

3. SEGMENTAL INFORMATION

Information reported to the executive directors, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the distribution of certain brands of mobile and IT products and property investment. No operating segments identified by the chief decision makers have been aggregated in arriving at the reportable segments of the Group. Segment liabilities have not been presented as these are not reportable to the chief operating decision makers.

3. SEGMENTAL INFORMATION *(continued)*

Segment revenue and results

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

	For the year ended 31 December 2012		
	Distribution of mobile and IT products	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue			
External sales	<u>2,077,687</u>	<u>20,481</u>	<u>2,098,168</u>
Segment profit	<u>76,108</u>	<u>115,277</u>	191,385
Change in fair value of investments held-for-trading			3,961
Income from investments held-for-trading and available-for-sale investments			31,649
Impairment loss on interest in a jointly controlled entity			(9,043)
Loss on deemed disposal of an associate			(73)
Share of results of associates			(74,835)
Share of result of a jointly controlled entity			(851)
Finance costs			(475)
Other unallocated income			14,828
Unallocated corporate expenses			<u>(26,480)</u>
Profit before tax			<u>130,066</u>

	For the year ended 31 December 2011		
	Distribution of mobile and IT products	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue			
External sales	<u>1,312,566</u>	<u>15,708</u>	<u>1,328,274</u>
Segment profit	<u>25,915</u>	<u>143,013</u>	168,928
Change in fair value of investments held-for-trading			3,330
Income from investments held-for-trading and available-for-sale investments			13,742
Impairment loss on available-for-sale investments			(10,395)
Loss on deemed disposal of an associate			(34)
Share of results of associates			19,041
Share of result of a jointly controlled entity			645
Finance costs			(448)
Other unallocated income			2,247
Unallocated corporate expenses			<u>(50,261)</u>
Profit before tax			<u>146,795</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, share of results of associates and jointly controlled entity, gain or loss on disposal of subsidiaries and associate, investment income and finance costs.

4. OTHER GAINS AND LOSSES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Change in fair value of investments held-for-trading	3,961	3,330
Exchange gain (loss), net	13,801	(14,541)
Change in fair value of derivative financial instruments	4,374	(5,429)
Impairment loss on interest in a jointly controlled entity	(9,043)	-
Impairment loss on unlisted available-for-sale investments	-	(10,395)
Gain on disposal of listed available-for-sale investments	27,893	3,941
(Loss) gain on disposal of property, plant and equipment	(32)	266
Loss on deemed disposal of an associate	(73)	(34)
	40,881	(22,862)

5. INCOME TAX EXPENSE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> <i>(Restated)</i>
Current tax		
Hong Kong	5,110	1,446
Singapore	3,297	2,452
	8,407	3,898
Deferred taxation	(5,942)	(2,539)
	2,465	1,359

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

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit for the year.

6. PROFIT FOR THE YEAR

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging:		
Cost of inventories recognised as an expense (note a below)	1,963,733	1,259,808
Staff costs (note b below)	45,467	41,276
Auditor's remuneration	1,385	1,505
Allowance for doubtful debts provided	495	33
Depreciation of property, plant and equipment	1,586	610
Interest on bank loans wholly repayable within 5 years	475	448
Operating lease rentals in respect of rented premises	1,710	938
Share of tax (credit) charge of associates (included in share of results of associates)	(2,399)	14,163
and after crediting:		
Gross rental income from investment properties	20,481	15,708
Less: Direct operating expenses	(4,674)	(2,136)
Net rental income	15,807	13,572
Interest on bank deposits	2,743	2,247
Dividend income from investments held-for-trading	2,443	4,061
Dividend income from available-for-sale investments	1,313	5,740

6. PROFIT FOR THE YEAR (continued)

Notes:

- (a) Cost of inventories includes allowance for inventories of HK\$3,306,000 (2011: HK\$633,000).
- (b) Staff costs include emoluments to directors. Staff costs include retirement benefit schemes contributions for directors and other staff amounting to HK\$1,396,000 (2011: HK\$776,000).

7. GAIN ON DISPOSAL OF SUBSIDIARIES

The Group completed its disposal of its entire interests in SiS International Limited, SiS Technologies Pte. Ltd. and SiS Distribution (M) Sdn Bhd (the "Disposal Group") on 3 January 2011 on which the Group ceased control over the Disposal Group. The total consideration was about US\$123,593,000 (equivalent to HK\$964,025,000) comprising cash of US\$70,000,000 (equivalent to HK\$546,000,000) and balance cash payment equivalent to the net asset value of the Disposal Group ("Net Asset Value Payment"), as defined in the Agreement. The Net Asset Value Payment is subject to adjustment on the value of certain assets and liabilities of the Disposal Group, if their realisable values are different from the carrying amounts at the date of completion, within a two years period. An adjustment of HK\$31,742,000 made on these assets and liabilities was recognized during the year.

Gain and cash inflow arising on disposal recognised on the consolidated financial statements for the year ended 31 December 2011 are as follows:

	<i>HK\$ '000</i>
Consideration settled by cash	964,025
Net assets of Disposal Group disposed of	(413,140)
Potential tax liabilities accrued (note below)	(27,804)
Cumulative translation reserve in respect of disposal of Disposal Group recognized in prior years	<u>26,804</u>
Gain on disposal	<u><u>549,885</u></u>
	<i>HK\$ '000</i>
Consideration received	964,025
Bank balances and cash disposed of	<u>(140,717)</u>
Net cash inflow arising on disposal	<u><u>823,308</u></u>

Note: Under a deed entered into on 3 January 2011, the Group covenanted to indemnify the buyer and the Disposal Group against any tax liability of the Disposal Group arising from any event on or before completion of the transaction. An accrual of tax liabilities in a total amount of HK\$27,804,000 was included in arriving at the gain on disposal of the Disposal Group. Based on the directors' best estimation, they are of the opinion that the potential liabilities, provision and allowances are adequately made in arriving at the net assets of the Disposal Group.

8. DIVIDENDS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2011 of 5.0 HK cents per share (2011: 8.0 HK cents per share in respect of the year ended 31 December 2010)	13,852	22,149
Special dividend, paid in respect of the year ended 31 December 2011 of 9.0 HK cents per share (2011: 4.0 HK cents per share in respect of the year ended 31 December 2010)	<u>24,933</u>	<u>11,075</u>
	<u>38,785</u>	<u>33,224</u>

A final dividend of 5.0 HK cents per share amounting to HK\$13,852,000 and a special dividend of 3.0 HK cents per share amounting to HK\$8,311,000 for the year ended 31 December 2012 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting. The final dividend of 5.0 HK cents per share together with a special dividend of 9.0 HK cents per share for the year ended 31 December 2011 was approved during the last annual general meeting and had been recognized as distribution during the year.

9. EARNINGS PER SHARE

The calculation of both basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK\$159,343,000 (2011: HK\$695,321,000) and the weighted average number of ordinary shares calculated below.

	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	277,033,332	275,844,153
Effect of dilutive potential ordinary share: Share options issued by the Company	<u>377,752</u>	<u>959,560</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>277,411,084</u>	<u>276,803,713</u>

The effect of dilutive potential ordinary shares of an associate is considered to be insignificant.

The calculation of basic and diluted earnings per share from continuing and discontinued operations are based on the profit for the year from the continuing and discontinued operations of HK\$127,601,000 (2011: HK\$145,436,000) and HK\$31,742,000 (2011: HK\$549,885,000) respectively and the denominators detailed above.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$77,482,000 (2011: HK\$96,601,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 30 days	43,792	68,677
31 to 90 days	22,004	15,448
91 to 120 days	4,051	8,676
Over 120 days	7,635	3,800
	<hr/>	<hr/>
Trade receivables	77,482	96,601
	<hr/> <hr/>	<hr/> <hr/>

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 an average credit period of 30 days to its trade customers. No credit period is granted to customers for renting of properties. Rental is payable in advance on presentation of demand note. No interest is charged on overdue debts.

11. ASSETS CLASSIFIED AS HELD FOR SALE

A sale and purchase agreement was entered on 31 July 2012 with a non-related party for the disposal of a property situated in the PRC, at a net consideration of RMB1,900,000 (equivalent to HK\$2,367,000). The disposal was completed on 15 January 2013.

The fair value of the investment property at 31 December 2012 was arrived at by reference to the consideration less cost to sale received on disposal.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$35,402,000 (2011: HK\$103,991,000). The following is an aged analysis of the trade payables based on the invoice date at the end of the reporting period.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 30 days	23,329	97,089
31 to 90 days	11,991	6,529
91 to 120 days	7	373
Over 120 days	75	-
	<hr/>	<hr/>
Trade payables	35,402	103,991
	<hr/> <hr/>	<hr/> <hr/>

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

FINAL DIVIDEND

In respect of the year ended 31 December 2012, the directors recommend a final dividend of 5.0 HK cents per share (the “Final Dividend”) and a special dividend of 3.0 HK cents per share (the “Special Dividend”) payable to shareholders on the register of member on 11 June 2013 and 11 October 2013 respectively. Subject to the approval of the shareholders at the forthcoming annual general meeting, the Final Dividend and Special Dividend will be payable in cash on 5 July 2013 and 18 October 2013 respectively.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed from 10 June to 11 June 2013 (both days inclusive) and from 10 October to 11 October 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed Final and Special Dividend for the year ended 31 December 2012, 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 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 9 June 2013 and 9 October 2013 respectively.

BUSINESS REVIEW

Distribution of Mobile & IT Products

Mobile phone and IT industry went through a challenging year in 2012. Many IT & mobile vendors are facing challenging times with the fast converging of IT and Mobile technology.

In 2012, The Group continued on its Diversification, Transformation and Expansion of its distribution business. With our experience in the distribution business, The Group is cautiously moving ahead as we transform, grow and aim to emerge as a leading distributor for converged IT and mobility products in the region.

Revenues from mobile and IT product distribution and distribution management services increased 58% from HK\$1,313 million to HK\$2,078 million while the segment profit increased 192% from HK\$26 million to HK\$76 million as compared to previous year.

Investment in IT Business

The Group’s performance was affected and reduced for the year ended 2012 as we include the share of losses of HK\$76 million from our associated company, SiS Distribution (Thailand) Public Company Limited which suffered a loss for the first time owing primarily to the written down of inventory of several mobile phone products and the written off of accounts receivables respectively coupled with keen competition in the market place.

The Group’s investment in Bangladesh where our investee is the largest provider of payment gateway in the provision of financial services and mobile banking solutions to banks and telcos began to contribute to the results of the Group.

Real Estate Investments Business

In December 2012, the Group completed the acquisition of the iconic Rinku Gate Tower Building in Osaka which is currently ranked the second tallest building in Japan. The investment is consistent with the Group's strategy of seeking income generating properties with potential long term appreciation in property value. The Group's real estate investment portfolio remained stable, contributing HK\$20 million to the Group's revenue. For the year end 2012, the Group recorded a fair valuation gain of HK\$99 million for its real estate investment business. Total carrying value of the Group's investment properties amounted to HK\$1,212 million as at 31 December 2012.

PROSPECT

The global economic outlook for 2013 remains unpredictable in the face of the financial turmoil in Europe, depressed US economy and the perceived slowing down of the China economy. As technology & innovations continue to Evolve, Change and Transform, The Group is well positioned as mobile and IT converged. The Group will continue to diversify and expand its distribution business. Our investment in Bangladesh is well positioned as the country prospers and transforms to E payments & Mobile payments.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2012, the Group had total assets of HK\$2,508,657,000 which were financed by shareholders' funds of HK\$2,028,533,000 and total liabilities of HK\$480,124,000. The Group had a current ratio of approximately 2.2 compared to that of approximately 4.9 at 31 December 2011.

As at year end 2012 the Group had HK\$751,198,000 bank balances and cash of which HK\$341,189,000 was pledged to banks to secure short term bank borrowings. The Group's working capital requirements were mainly financed by internal resources and short term bank loans. As at 31 December 2012, the Group had short term borrowings and bills payable of total HK\$302,107,000 (2011: Nil). The borrowings were mainly denominated in Japan Yen and Singapore Dollar and were charged by banks at floating interest rates.

The Group continued to sustain a good liquidity position. At the end of December 2012, the Group had a net cash surplus (bank balances and cash, including pledged deposits less bank borrowings and bills payable) of HK\$449,091,000 compared to HK\$585,398,000 as at 31 December 2011.

Gearing ratio, as defined by total bank borrowings, bills payable and overdrafts to shareholders' funds as at 31 December 2012 was 14.9% (2011: Nil).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK\$341,189,000 (2011: Nil) and investment properties with carrying value of HK\$643,000,000 (2011: HK\$560,000,000) were pledged to secure bank borrowings and general banking facilities granted 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 2012 was 62 (2011: 50) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$24,091,000 (2011: HK\$17,998,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives and benefits for the employees and therefore increase employees' productivity and contribution to the Group. During the year ended 31 December 2012, no share options have been granted, exercised, lapsed or forfeited. 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

The Group maintains a conservative approach on foreign exchange exposure management by entering into foreign currency forward contracts. There are no significant changes in strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 31 December 2012, the Group had no outstanding forward contracts (2011: HK\$117,000,000 notional amount which were measured at fair value at the reporting date).

Contingent Liabilities

The Company's corporate guarantees extended to a bank as security for banking facilities to the Group amounted to HK\$70,980,000 (2011: HK\$118,500,000).

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2012, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 9 of the Group's 2011 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 COMMITTEES

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 2012, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

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 2012 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 2013.

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

Hong Kong, 25 March 2013

As at the date of this announcement, the executive directors are Mr. Lim Kiah Meng, Mr. Lim Kia Hong, 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.