

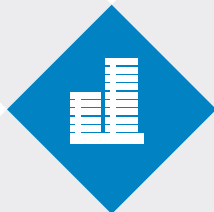


# SiS International Holdings Limited

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00529)

Interim Report  
**2013**





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## MESSAGE FROM THE CHAIRMAN & CEO

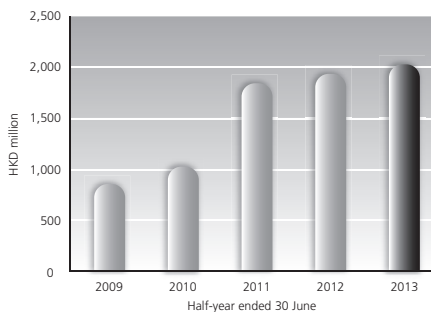
Dear Shareholders,

The global economy continues to be turbulent and challenging. The first half of 2013 was undoubtedly challenging.

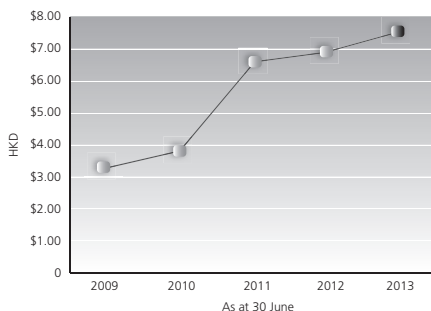
Great companies are made stronger during tough and challenging times. At SiS, we are committed to build and strengthen our company for long term success. We made a commitment to transform SiS Group to bring it to greater heights. Amid the global financial crisis and continued uncertainties in major economies, we are focusing on transforming and building new core businesses for the Group.

Against the backdrop of a challenging operating environment, sales revenue for the Group for the six months ended 30 June 2013 decreased 35% to HK\$754 million from HK\$1,159 million. Profit for the period attributed to owners of the company for the period decreased 28% to HK\$31,079,000 as compared to HK\$43,054,000 for the same period last year. Net assets value amounted to HK\$2,116 million (HK\$7.6 per share) as at 30 June 2013.

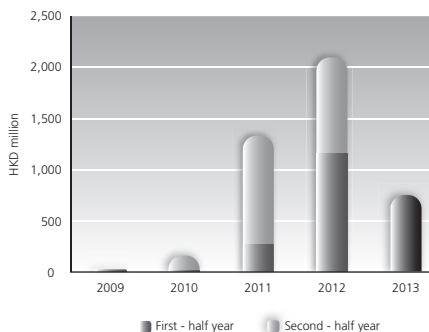
### Shareholders' equity



### Net assets value per share



### Revenue



## **BUSINESS REVIEW**

### **(a) Distribution: Transforming Distribution**

Mobile and IT industry continue to converge, the market continues to consolidate with Apple and Samsung accounting for majority of the smart phone market share. The Group is cautiously moving ahead as the industry's converging continue and will continue to explore distribution opportunities to grow as we continued on our diversification, transformation of our distribution business.

Revenues from mobile & IT products distribution and distribution management services decreased 40% from HK\$1,151 million to HK\$692 million and the segment profits decreased from HK\$29 million to HK\$24 million as compared to same period of last year caused by the keen competition in the market.

### **(b) Investment: Growing and Promising IT Business**

Our associated company, SIS Distribution (Thailand) Public Company Limited turned around in the first half of 2013 and turned in a commendable performance. The contributed profit was HK\$24 million as compared with last period's loss of HK\$7 million.

In March 2013, The Group acquired an additional 14.1% interest in Information Technology Consultants Limited ("ITCL"), an existing associate of the Group. ITCL is the largest provider of payment gateway in the provision of financial services and mobile banking solutions to banks and telcos in Bangladesh. After the acquisition, the Group owns 43.6% interest in ITCL. The accounts of ITCL had been consolidated as a subsidiary of the Group there from. This investment and acquisition had begun to contribute directly to the net results of the Group. With this additional acquisition of shares and consolidation of ITCL as subsidiary, the Group recorded a deemed disposal loss of HK\$9 million in the first half of 2013.

### **(c) Real Estate: Building Income Streams**

One of the Group's transformation strategies is the investment in income generating properties with potential long term appreciation in property value. In December 2012, the Group completed the acquisition of the iconic Rinku Gate Tower Building in Osaka, currently ranked the second tallest building in Japan.

After this acquisition, the Group's real estate investment portfolio contributed a total of HK\$63 million and HK\$23 million to the Group's revenue and segment profit respectively for the six months ended 30 June 2013. Total carrying value of the Group's investment properties amounted to HK\$1,182 million as at 30 June 2013.

## **PROSPECT**

Successful transformation will take time, efforts and focus. We are excited about the future and the opportunities ahead. With our strong financial strength, the Group will continue to seek opportunities on investment and expands its distribution business. As we continue our journey of transformation for long term success and with a clear strategy, we remain focus with the collective strength of our management team to maximizing shareholders value with Determination to succeed, Commitment to outstanding execution and business Excellence.

On behalf of the Board

**LIM Kia Hong**

*Chairman & Chief Executive Officer*

Hong Kong, 19 August 2013

The directors (the "Directors") of SiS International Holdings Limited (the "Company") is pleased to announce that the consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 together with comparative figures for the corresponding period in 2012. The interim financial statements have been reviewed by the Company's auditor and audit committee.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		<b>Six months ended</b>	
		<b>30 June</b>	30 June
		<b>2013</b>	2012
	<i>NOTES</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>754,376</b>	1,159,338
Cost of sales		<b>(683,890)</b>	(1,102,433)
Gross profit		<b>70,486</b>	56,905
Other income		<b>10,900</b>	4,400
Other gains and losses	4	<b>(27,318)</b>	32,015
Distribution costs		<b>(14,870)</b>	(16,086)
Administrative expenses		<b>(31,892)</b>	(24,464)
Share of results of associates		<b>24,326</b>	(6,737)
Share of results of a joint venture		<b>413</b>	(503)
Finance costs		<b>(2,435)</b>	(104)
Profit before tax		<b>29,610</b>	45,426
Income tax credit (expense)	5	<b>1,951</b>	(2,372)
Profit for the period	6	<b>31,561</b>	43,054
Profit for the period attributable to:			
Owners of the Company		<b>31,079</b>	43,054
Non-controlling interests		<b>482</b>	-
		<b>31,561</b>	43,054
EARNINGS PER SHARE	7		
– Basic (HK cents)		<b>11.2</b>	15.5
– Diluted (HK cents)		<b>11.2</b>	15.5

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 June 2012 HK\$'000 (unaudited)
Profit for the period	<u>31,561</u>	<u>43,054</u>
<b>Other comprehensive income (expense):</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
Loss on fair value changes of available-for-sale investments	(5,574)	(2)
Exchange realignment arising on translation of foreign operations	1,670	56
Release of investments reserve upon disposal of available-for-sale investments	<u>–</u>	<u>(10,607)</u>
Other comprehensive expense for the period	<u>(3,904)</u>	<u>(10,553)</u>
Total comprehensive income for the period	<b><u>27,657</u></b>	<b><u>32,501</u></b>
Total comprehensive income for the period attributable to:		
Owners of the Company	26,025	32,501
Non-controlling interests	<u>1,632</u>	<u>–</u>
	<b><u>27,657</u></b>	<b><u>32,501</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

		30 June 2013	31 December 2012
	NOTES	<b>HK\$'000</b> <b>(unaudited)</b>	<i>HK\$'000</i> <i>(audited)</i>
<b>Non-current assets</b>			
Investment properties	9	<b>1,181,542</b>	1,212,458
Property, plant and equipment	9	<b>87,222</b>	23,572
Goodwill	20	<b>4,631</b>	–
Intangible assets	10	<b>33,626</b>	–
Interests in associates		<b>153,411</b>	141,239
Interests in a joint venture		<b>9,456</b>	9,043
Available-for-sale investments		<b>81,589</b>	87,163
Deferred tax assets		<b>–</b>	272
		<b>1,551,477</b>	1,473,747
<b>Current assets</b>			
Inventories		<b>158,327</b>	76,119
Trade and other receivables, deposits and prepayments	11	<b>242,238</b>	194,214
Derivative financial instruments	14	<b>5,296</b>	–
Tax recoverable		<b>144</b>	136
Investments held-for-trading		<b>10,349</b>	10,876
Pledged deposits		<b>269,256</b>	341,189
Bank balances and cash		<b>351,281</b>	410,009
		<b>1,036,891</b>	1,032,543
Assets classified as held for sale		<b>–</b>	2,367
		<b>1,036,891</b>	1,034,910
<b>Current liabilities</b>			
Trade payables, other payables and accruals	12	<b>150,200</b>	144,157
Bills payable	13	<b>5,317</b>	5,107
Dividend payable		<b>22,163</b>	–
Tax payable		<b>27,053</b>	33,860
Bank loans	15	<b>261,817</b>	297,000
		<b>466,550</b>	480,124

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AT 30 JUNE 2013

		30 June 2013 <i>HK\$'000</i> (unaudited)	31 December 2012 <i>HK\$'000</i> (audited)
	<i>NOTES</i>		
Net current assets		<u>570,341</u>	<u>554,786</u>
Total assets less current liabilities		<u>2,121,818</u>	<u>2,028,533</u>
Non-current liabilities			
Bank loans		851	–
Deferred tax liabilities		<u>4,517</u>	<u>–</u>
Net assets		<u>2,116,450</u>	<u>2,028,533</u>
Capital and reserves			
Share capital	16	27,703	27,703
Share premium		71,367	71,367
Reserves		42,576	47,631
Retained profits		<u>1,890,748</u>	<u>1,881,832</u>
Equity attributable to owners of the Company		<u>2,032,394</u>	<u>2,028,533</u>
Non-controlling interests		<u>84,056</u>	<u>–</u>
Total equity		<u>2,116,450</u>	<u>2,028,533</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Share capital	Share premium	Investments reserve	Translation reserve	Property revaluation reserve	Contributed surplus	Share options reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012 (audited)	27,703	71,367	47,273	19,016	933	2,860	522	1,761,274	1,930,948	-	1,930,948
Profit for the period	-	-	-	-	-	-	-	43,054	43,054	-	43,054
Other comprehensive (expense) income for the period	-	-	(10,609)	56	-	-	-	-	(10,553)	-	(10,553)
Total comprehensive (expense) income for the period	-	-	(10,609)	56	-	-	-	43,054	32,501	-	32,501
Dividend declared (Note 8)	-	-	-	-	-	-	-	(38,785)	(38,785)	-	(38,785)
At 30 June 2012 (unaudited)	<b>27,703</b>	<b>71,367</b>	<b>36,664</b>	<b>19,072</b>	<b>933</b>	<b>2,860</b>	<b>522</b>	<b>1,765,543</b>	<b>1,924,664</b>	<b>-</b>	<b>1,924,664</b>
At 1 January 2013 (audited)	<b>27,703</b>	<b>71,367</b>	<b>20,049</b>	<b>23,267</b>	<b>933</b>	<b>2,860</b>	<b>522</b>	<b>1,881,832</b>	<b>2,028,533</b>	<b>-</b>	<b>2,028,533</b>
Profit for the period	-	-	-	-	-	-	-	31,079	31,079	482	31,561
Other comprehensive (expense) income for the period	-	-	(5,574)	519	-	-	-	-	(5,055)	1,150	(3,905)
Total comprehensive (expense) income for the period	-	-	(5,574)	519	-	-	-	31,079	26,024	1,632	27,656
Dividend declared (Note 8)	-	-	-	-	-	-	-	(22,163)	(22,163)	-	(22,163)
Non-controlling interests arising on acquisition of a subsidiary (Note 20)	-	-	-	-	-	-	-	-	-	82,424	82,424
At 30 June 2013 (unaudited)	<b>27,703</b>	<b>71,367</b>	<b>14,475</b>	<b>23,786</b>	<b>933</b>	<b>2,860</b>	<b>522</b>	<b>1,890,748</b>	<b>2,032,394</b>	<b>84,056</b>	<b>2,116,450</b>

Note: Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition upon the group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in the year 1992.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 June 2012 HK\$'000 (unaudited)
<b>Net cash (used in) from operating activities</b>	<b>(14,403)</b>	135,037
<b>Investing activities</b>		
Acquisition of a subsidiary	(18,030)	–
Dividend received from associates	–	6,234
Investment in an associate	(46,078)	–
Withdrawal of pledged deposits	54,850	–
Purchase of available-for-sale investments	–	(8,936)
Proceeds from disposal of available-for-sale investments	–	13,697
Other investing cash flows	(9,816)	143
<b>Net cash (used in) from investing activities</b>	<b>(19,074)</b>	11,138
<b>Financing activities</b>		
New bank loans raised	16,699	190,000
Repayment of bank loans	(36,132)	–
<b>Net cash (used in) from financing activities</b>	<b>(19,433)</b>	190,000
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(52,910)</b>	336,175
<b>Cash and cash equivalents at 1 January</b>	<b>410,009</b>	585,398
Effect of foreign exchange rate changes	(5,818)	223
<b>Cash and cash equivalents at 30 June, represented by bank balances and cash</b>	<b>351,281</b>	921,796

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

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

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

## 2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

### ***Impact of the application of HKFRS 10***

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

During the current period, the Group acquired additional 14.1% of ownership interest in Information Technology Consultants Ltd (“ITCL”), incorporated in the People’s Republic of Bangladesh, and the Group’s shareholding of ITCL increased to 43.6% at the end of the reporting period. The directors of the Company made an assessment as at the date of acquisition of the 14.1% of ownership interest in ITCL (i.e. 7 March 2013) as to whether or not the Group has control over ITCL in accordance with the new definition of control and the related guidance set out in HKFRS 10. After taking into account of the overall equity interest of ITCL owned by the Group and its related parties, the directors of the Company concluded that control over ITCL is achieved upon the acquisition of the 14.1% of ownership interest in ITCL in the current period on the basis of the Group’s ability to direct the relevant activities of ITCL by controlling the majority of the board of directors of ITCL.

### ***Impact of the application of HKFRS 11***

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

## 2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

### *Impact of the application of HKFRS 11 (cont'd)*

The directors of the Company reviewed and assessed the classification of the Group's investment in a joint arrangement in accordance with the requirements of HKFRS 11. The directors concluded that the Group's interest in the joint arrangement, which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and continue to be accounted for using the equity method.

### *HKFRS 13 Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19.

### *Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

In addition, the Group has applied the following accounting policies in the current interim period.

### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

## 2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

### ***Business combinations (cont'd)***

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### ***Goodwill***

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

### ***Intangible assets***

#### ***Internally-generated intangible assets – research and development expenditure***

Expenditure on research items, if any, is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## 2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

### Intangible assets (cont'd)

#### Internally-generated intangible assets – research and development expenditure (cont'd)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets is recognised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

#### Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the “other gains and losses” line item in the consolidated statement of profit or loss.



### 3. SEGMENT INFORMATION

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

	Distribution of mobile and IT products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2013</b>			
<i>Segment revenue</i>			
External sales	<b>691,676</b>	<b>62,700</b>	<b>754,376</b>
<i>Segment profit</i>	<b>23,661</b>	<b>23,053</b>	<b>46,714</b>
Change in fair value of investments held-for-trading			(527)
Dividend income from investments held-for-trading			312
Dividend income from available-for-sale investments			204
Loss on deemed disposal of an associate			(9,622)
Share of results of associates			24,326
Share of results of a joint venture			413
Finance costs			(2,435)
Other unallocated income and gains			15,502
Unallocated corporate expenses			<b>(45,277)</b>
Profit before tax			<b>29,610</b>

### 3. SEGMENT INFORMATION (cont'd)

	Distribution of mobile and IT products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2012</b>			
<i>Segment revenue</i>			
External sales	1,151,320	8,018	1,159,338
<i>Segment profit</i>	28,716	12,400	41,116
Gain on disposal of available-for-sale investments			10,607
Change in fair value of investments held-for-trading			2,997
Dividend income from investments held-for-trading			2,087
Dividend income from available-for-sale investments			867
Loss on deemed disposal of an associate			(687)
Share of results of associates			(6,737)
Share of results of a joint venture			(503)
Finance costs			(104)
Other unallocated income and gains			14,679
Unallocated corporate expenses			(18,896)
Profit before tax			45,426

Segment profit reported to the chief operating decision makers for the purposes of resource allocation and performance assessment does not include central administration costs, corporate expenses, share of results of associates and a joint venture, gain or loss on disposal of associates and available-for-sale investments, change in fair value of investments held-for-trading, investment income, other unallocated income and gains, and finance costs.

#### 4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	30 June
	2013	2012
	HK\$'000	HK\$'000
Other gains and losses comprises:		
Change in fair value of derivative financial instruments	5,296	4,374
Exchange (loss) gain, net	(24,563)	9,217
Change in fair value of investments held-for-trading	(527)	2,997
Change in fair value of investment properties	2,098	5,507
Gain on disposal of available-for-sale investments	-	10,607
Loss on deemed disposal of associates	(9,622)	(687)
	<b>(27,318)</b>	<b>32,015</b>

#### 5. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30 June	30 June
	2013	2012
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current period	1,509	1,892
Overseas Tax		
Current period	1,354	1,974
Overprovision in respect of prior periods	(9,800)	-
Deferred tax		
Hong Kong	4,986	(1,494)
Income tax (credit) expense for the period	<b>(1,951)</b>	<b>2,372</b>

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

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

Following the disposal of subsidiaries on 3 January 2011, a final assessment was issued by an overseas tax authority and concluded that no income tax is levied for certain sales of goods transactions. Accordingly, the accrual of income tax and other related expenses amounted HK\$9,800,000 and HK\$7,698,000 as disclosed in Note 6, respectively, are reversed during the current period.

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	30 June 2013 HK\$'000	30 June 2012 HK\$'000
Profit for the period has been arrived at after charging and (crediting):		
Cost of inventories recognised in cost of sales	642,004	1,101,308
Depreciation of property, plant and equipment	2,550	549
Amortisation of intangible assets	1,949	–
Share of tax (credit) of associates	(7,177)	4,190
(Reversal of) allowance for inventories, net	(1,474)	9,862
Allowance for doubtful debts	599	6,426
Interest on bank deposits	(2,481)	(1,088)
Reversal of overprovision for tax related expenses (Note 5)	(7,698)	–

## 7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit of HK\$31,079,000 (30 June 2012: HK\$43,054,000) and the number of ordinary shares calculated below.

	Six months ended	
	30 June 2013 '000 shares	30 June 2012 '000 shares
Number of ordinary shares for the purpose of basic earnings per share	277,033	277,033
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	402	404
Number of ordinary shares for the purpose of diluted earnings per share	277,435	277,437

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

## 8. DIVIDENDS

	Six months ended	
	30 June 2013 HK\$'000	30 June 2012 HK\$'000
Final dividend, payable in respect of the year ended 31 December 2012 of 5.0 HK cents per share (2012: 5.0 HK cents per share in respect of the year ended 31 December 2011)	13,852	13,852
Special dividend, payable in respect of the year ended 31 December 2012 of 3.0 HK cents per share (2012: 9.0 HK cents per share in respect of the year ended 31 December 2011)	8,311	24,933
	<b>22,163</b>	<b>38,785</b>

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2013 (2012: Nil).

## 9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties as at 30 June 2013 were fair valued by the directors with reference to recent transaction prices in the market for similar properties in similar location. The resulting increase in fair value of investment properties of HK\$2,098,000 (six months ended 30 June 2012: HK\$5,507,000) has been recognised in the condensed consolidated statement of profit or loss for the six months ended 30 June 2013.

During the period, the Group spent approximately HK\$1,706,000 (six months ended 30 June 2012: HK\$724,000) on the acquisition of property, plant and equipment. In addition, the Group acquired property, plant and equipment of HK\$62,677,000 (31 December 2012: Nil) through the acquisition of a subsidiary as disclosed in Note 20.

## 10. INTANGIBLE ASSETS

At the end of the reporting period, intangible assets of HK\$33,626,000 (31 December 2012: Nil) was recognised, in which HK\$26,714,000 (31 December 2012: Nil) were acquired through the acquisition of a subsidiary at the acquisition date as disclosed in Note 20.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables and amount due from trustee, who is responsible to receive rental income on behalf of the Group, of HK\$81,421,000 (31 December 2012: HK\$77,482,000) and HK\$79,654,000 (31 December 2012: HK\$78,467,000) respectively. The following is an analysis of trade receivables by age net of allowance for doubtful debts, presented based on the invoice date, which approximated the revenue recognition date.

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Within 30 days	<b>37,375</b>	43,792
31 to 90 days	<b>15,306</b>	22,004
91 to 120 days	<b>1,382</b>	4,051
Over 120 days	<b>27,358</b>	7,635
	<b>81,421</b>	77,482

The Group maintains a defined credit policy. For sale of goods, the Group allows an average credit period of 30 days to its trade customers. No credit is granted to tenants of properties leasing and payment is due on presentation of demand note.

## 12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$65,489,000 (31 December 2012: HK\$35,402,000). The following is an analysis of trade payables by age, presented based on the invoice date.

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Within 30 days	<b>54,652</b>	23,329
31 to 90 days	<b>8,298</b>	11,991
91 to 120 days	<b>83</b>	7
Over 120 days	<b>2,456</b>	75
	<b>65,489</b>	35,402

The average credit period pertaining to purchase of goods is 30 to 60 days.

### 13. BILLS PAYABLE

Bills payable are due within 60 days.

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
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Foreign currency forward contracts	<u>5,296</u>	<u>–</u>
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Major terms of foreign currency forward contracts of the Group as at 30 June 2013 are as follows:

Notional amount	Maturity	Exchange rates
Buy US\$6,000,000	28 January 2014	US\$/Japanese Yen 91.330
Buy US\$2,000,000	28 January 2014	US\$/Singapore Dollars 1.239
Buy US\$4,000,000	19 February 2014	US\$/Japanese Yen 93.750

### 15. BANK LOANS

During the current interim period, the Group repaid bank loans of HK\$36,132,000 (six months ended 30 June 2012: Nil) and obtained new short-term bank loans amounting to HK\$16,699,000 (six months ended 30 June 2012: HK\$190,000,000).

At the end of the reporting period, bank loans of HK\$239,120,000 bear interest at variable market rates based on the Japanese LIBOR + 0.7% per annum.

On acquisition of a subsidiary as detailed in note 20, bank loans of HK\$22,959,000, which bear interest at variable market rate of 14% to 16% per annum, were obtained through the acquisition. At the end of the reporting period, HK\$851,000 of such bank loans is repayable after one year.

### 16. SHARE CAPITAL

	No. of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised	<u>350,000,000</u>	<u>35,000</u>
Issued and fully paid		
At 1 January 2012, 31 December 2012 and 30 June 2013	<u>277,033,332</u>	<u>27,703</u>

## 17. PLEDGE OF ASSETS

At the end of the reporting period,

- (a) The Group's investment properties with carrying values of HK\$643,000,000 (31 December 2012: HK\$643,000,000) were under legal charge to secure general banking facilities available to the Group but none of which had been utilised.
- (b) Bank deposits of HK\$269,256,000 (31 December 2012: HK\$341,189,000) were pledged to secure the Group's bank loans.

## 18. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

	<b>Associates</b> <i>(Note 1)</i>		<b>Related companies</b> <i>(Note 2)</i>	
	<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Income from management service	<b>1,609</b>	1,798	–	–
Operating lease rental expense	<b>–</b>	–	<b>354</b>	367

*Note 1:* Amount due from an associate at the end of the reporting period included in other receivables is HK\$569,000 (31 December 2012: HK\$1,371,000). The amount is unsecured, interest-free and repayable on demand.

*Note 2:* Two directors of the Company have controlling interest in one of the related companies. All executive directors of the Company (and their associates) together have joint control over the other related company.

Apart from the above, remuneration paid or payable to the directors of the Company who are considered to be the key management personnel for the six months ended 30 June 2013 is HK\$10,708,000 (six months ended 30 June 2012: HK\$11,728,000).



## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value measurements recognised in the condensed consolidated statement of financial position

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2013

	Fair value hierarchy		Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	
Listed securities classified as investments held for trading	10,349	–	10,349
Listed securities classified as available-for-sale investments	56,857	–	56,857
Derivative financial instruments			
– Foreign currency forward contracts	–	5,296	5,296
Total	67,206	5,296	72,502

The fair value of listed securities is determined with reference to quoted market bid price from relevant stock exchanges.

The fair value of foreign currency forward contracts are measured at the present value of future cash flows estimated using quoted forward exchange rates, which is observable at the end of the reporting period.

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed financial statements approximate their fair values.

There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2013.

## 20. ACQUISITION OF A SUBSIDIARY

On 7 March 2013, the Group acquired an additional 14.1% ownership interest in ITCL, a then associate of the Group, for a consideration of HK\$22,104,000. Upon the completion of acquisition, the Group owned 43.6% ownership interest in ITCL and, in accordance with HKFRS 10, the Group assessed that it has control over ITCL, so the transaction has been accounted for as business combination using the acquisition method. ITCL is principally engaged in the business of provision of switching solution and providing electronic devices to banks in People's Republic of Bangladesh and was acquired with the objective to invest in promising information technology business and expansion of business in emerging countries.

### Consideration paid

HK\$'000

Cash	22,104
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Acquisition-related costs relating to the above acquisition are immaterial and excluded from the cost of acquisition and have been recognised directly as administrative expenses in the profit or loss.

### Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)

HK\$'000

<b>Non-current assets</b>	
Property, plant and equipment	62,677
Intangible assets	26,714
<b>Current assets</b>	
Inventories	3,474
Trade and other receivables, deposits and prepayments (Note)	79,854
Bank balances and cash	4,074
<b>Current liabilities</b>	
Trade payables, other payables and accruals	(6,478)
Tax payable	(1,214)
Bank loans	(21,953)
<b>Non-current liabilities</b>	
Bank loans	(1,006)
Total identifiable net assets	146,142

*Note:* The trade and other receivables acquired with a fair value of HK\$53,972,000 had gross contractual amounts of HK\$53,972,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

## 20. ACQUISITION OF A SUBSIDIARY (cont'd)

### Non-controlling interest

The non-controlling interests (56.4%) in ITCL recognised at acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of ITCL.

### Goodwill arising on acquisition (determined on a provisional basis)

	<i>HK\$'000</i>
Consideration paid	22,104
Add: non-controlling interest	82,424
fair value of previously held ownership interest	46,245
Less: recognised amount of net identifiable assets acquired	<u>(146,142)</u>
Goodwill arising on acquisition	<u>4,631</u>

The goodwill arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair value of the identifiable assets and liabilities acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

### Loss on previously held ownership interest in ITCL acquired in step acquisition

	<i>HK\$'000</i>
Carrying amount of previously held ownership interest	55,506
Fair value of previously held ownership interest	<u>(46,245)</u>
Loss	<u>9,261</u>

### Net cash outflow arising on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	22,104
Less: cash and cash equivalent balances acquired	<u>(4,074)</u>
	<u>18,030</u>

### Impact of acquisition on the results of the Group

Included in the revenue and profit for the period are HK\$14,356,000 and HK\$903,000 respectively attributable to ITCL.

Had ITCL been consolidated from 1 January 2013, the total revenue and profit for the period of the Group would have been HK\$761,846,000 and HK\$31,780,000, respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

## **FINANCIAL REVIEW AND ANALYSIS**

### **Liquidity and Financial Resources**

As at 30 June 2013, the Group had total assets of HK\$2,588,368,000 which were financed by shareholders' funds of HK\$2,116,450,000 and total liabilities of HK\$471,918,000. The Group had the same current ratio of approximately 2.2 at 30 June 2013 and at 31 December 2012.

As at 30 June 2013 the Group had HK\$620,537,000 bank deposits balances and cash. The Group's working capital requirements were mainly financed by internal resources and short term borrowings. As at 30 June 2013, the Group had total HK\$267,985,000 borrowings and bills payables which were denominated in Japanese yen, Singapore dollars and Bangladesh Taka.

The Group continued to maintain a strong liquidity position. At the end of June 2013, the Group had a net cash surplus (bank balances and cash including pledged deposits less bank borrowings and bills payable) of HK\$352,552,000 compared to HK\$449,091,000 as at 31 December 2012.

Gearing ratio, as defined by total bank loans and bills payable to shareholders' funds as at 30 June 2013, was 13% compared to 15% as at 31 December 2012.

### **Charges on Group Assets**

At the balance sheet date, the Group had bank deposits of HK\$269,256,000 (31 December 2012: HK\$341,189,000) and investment properties with carrying value of HK\$643,000,000 (31 December 2012: HK\$643,000,000) were pledged to banks to secure 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 30 June 2013 was 275 (30 June 2012: 68) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$15,063,000 (30 June 2012: HK\$10,617,000). 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 six months period ended 30 June 2013, no share options have been granted, exercised or lapsed. 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 30 June 2013, the Group had notional amount HK\$93,600,000 outstanding forward contracts (31 December 2012: nil).

## FINANCIAL REVIEW AND ANALYSIS (cont'd)

### Contingent Liabilities

The Company's corporate guarantees extended to banks as security for banking facilities to the Group amounted to HK\$189,480,000 (31 December 2012: HK\$70,980,000).

## OTHER INFORMATION

### Directors' Interests in Shares

At 30 June 2013, the interests of the Directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

#### (i) Long positions in ordinary shares of HK\$0.10 each of the Company

Name of Director	Personal interests	Family interests	Joint Interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kiah Meng (Note 4)	5,403,200	650,000	534,000	178,640,000	185,227,200	66.86%
Lim Kia Hong (Note 4)	5,771,108	608,000	-	178,640,000	185,019,108	66.79%
Lim Hwee Hai (Note 3)	3,331,200	3,579,158	-	-	6,910,358	2.49%
Lim Hwee Noi (Note 3, 4)	3,579,158	3,331,200	-	-	6,910,358	2.49%
Lee Hiok Chuan	83,333	-	-	-	83,333	0.03%
Ong Wui Leng	83,333	-	-	-	83,333	0.03%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) 3,331,200 shares and 3,579,158 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.
- (4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 608,000 shares on behalf of six beneficiaries aged below 18. Out of these 608,000 shares, 400,000 shares and 208,000 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interest of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.



## OTHER INFORMATION (cont'd)

### Directors' Interests in Shares (cont'd)

**(iv) Long positions in the shares and underlying shares of a subsidiary of the Company**

Ordinary share of 10 Taka each of Information Technology Consultants Ltd. ("ITCL"), which is incorporated in Bangladesh.

Name of Director	Corporate interest <i>(Note)</i>	Approximate % of issued share capital of ITCL
Lim Kiah Meng	39,309,390	52.4%

*Note:*

*A related corporation which is jointly owned by Mr. Lim Kiah Meng and his spouse hold 6,600,000 ordinary shares in ITCL, while the Company indirectly holds 32,709,390 ordinary shares. As disclosed in (i) above, Mr. Lim and his family has total interest of 66.86% in the Company, therefore Mr. Lim has deemed corporate interest of 32,709,390 in ITCL under the SFO.*

Save as disclosed above, none of the Directors nor their associates, at 30 June 2013, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

For details of the Company's share option scheme, please refer to note 32 to the consolidated financial statement and pages 19 to 21 in the 2012 annual report.

The following table discloses movements in Company's share options during the period:

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options outstanding at 1 January 2013 and 30 June 2013
<b>Directors and their associates:</b>				
<b>Lee Hiok Chuan</b>				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010 –	18 February 2010 – 20 May 2017	1.72	83,334
<b>Ong Wui Leng</b>				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010 –	18 February 2010 – 20 May 2017	1.72	83,334
<b>Total directors and their associates</b>				<u>333,334</u>
<b>Employees and other qualified persons</b>				
20 August 2007	21 August 2007 – 18 February 2008 –	18 February 2008 – 20 May 2017	1.72	133,332
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	233,334
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	233,334
<b>Total employees and other qualified persons</b>				<u>600,000</u>
<b>Total number of share options</b>				<u><b>933,334</b></u>

Other than disclosed above, no share options were granted, exercised or expired during the reporting period.



## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests and long positions in the issued share capital of the Company.

### Long positions in ordinary shares of HK\$0.10 each of the Company

Name of Shareholder	Personal Interests	Family Interests	Corporate Interests (Note 1)	Other Interests (Note 2)	Total number of issued ordinary shares held
Yeo Seng Chong	700,000	1,220,000	13,050,000	-	14,970,000
Lim Mee Hwa	1,220,000	700,000	13,050,000	-	14,970,000
Yeoman Capital Management Pte. Ltd.	-	-	300,000	12,750,000	13,050,000

Notes:

- (1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 50% direct interest in Yeoman Capital Management Pte. Ltd..
- (2) Yeoman Capital Management Pte. Ltd. holds the shares of the Company as an investment manager.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2013.

## 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 period ended 30 June 2013, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 9 of the Group's 2012 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.



## **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 period ended 30 June 2013.

On behalf of the Board

**SiS International Holdings Limited**

**LIM Kia Hong**

*Chairman and Chief Executive Office*

Hong Kong, 19 August 2013

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors:

Lim Kia Hong (*Chairman and  
Chief Executive officer*)  
Lim Kiah Meng (*Vice-chairman*)  
Lim Hwee Hai  
Lim Hwee Noi

#### Independent Non-executive Directors:

Lee Hiok Chuan  
Ong Wui Leng  
Ma Shiu Sun, Michael

### SECRETARY

Chiu Lai Chun, Rhoda

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

604 Eastern Harbour Centre  
28 Hoi Chak Street  
Quarry Bay  
Hong Kong  
Telephone: (852) 2138 3938  
Fax: (852) 2138 3928

### STOCK CODE

00529

### INVESTOR RELATIONS

[www.sisinternational.com.hk](http://www.sisinternational.com.hk)  
[enquiry@sis.com.hk](mailto:enquiry@sis.com.hk)

### AUDITORS

Deloitte Touche Tohmatsu

### SOLICITORS

Norton Rose

### PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited  
Hang Seng Bank Ltd.  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
The Hongkong and Shanghai Banking  
Corporation Limited  
Malayan Banking Berhad  
Oversea-Chinese Banking Corporation Ltd.  
Standard Chartered Bank (Hong Kong) Limited

### PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM11, Bermuda

### HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong