SiS International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

Annual Report

2012

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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
enquiry@sis.com.hk

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Norton Rose

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08 Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

COMPANY PROFILE

Founded in 1983, SiS is a leading Technology Product Distribution and Investment holding company listed on the main board of the Hong Kong Stock Exchange. Its principal business interests include Mobile & IT Products Distribution, Investments in Promising Businesses as well as Investments in Real Estate.

SiS Mobile & IT Distribution

SiS is one of the largest distributors for mobile & IT products in Asia with offices and distribution channels spanning across Asia including Hong Kong, Singapore, Malaysia, Thailand, Indonesia, Philippines... **SiS** has one of the largest reseller networks and markets its products through a vast network of IT resellers, retailers, mobile operators and mobile phone resellers. Over the past decades, **SiS** has introduced many of the technology companies from USA and have successfully help them in building a strong channel and many of these companies become a household brand in Asia. **SiS** is a pioneer in the distribution for IT, software, network, smart phones products and has earned its reputation as the Preferred Distributor by many of the world's renowned manufacturers including IBM, Microsoft, Lenovo, Samsung, RIM-Blackberry, HTC, Apple, Asus, Linksys, D-Link, etc.

SiS Investments

SiS invests in promising businesses & IT companies which have synergies or where the investments, experience and management involvement can play a part in growing these companies. Over the years, many of the SiS investments have successfully become public listed companies.

SiS Real Estate

SiS Real Estate Portfolio includes investments in selected properties consisting of commercial, industrial and residential properties in Hong Kong, Singapore and Japan.

COMPANY PROFILE

SIS CHALLENGE

Progress of mankind will not take place,
Advancement of technology will not arrive,
The betterment of human life will not be attainable,
Unless one dares to challenge the unchallengeable,
Unless one dares to challenge the impossible,
Only then does the unreal become real
and the best gets even better.

At **SiS**, every step forward is an achievement,
Every peak scaled is a conquest,
And every challenge faced is a triumph.
We continually challenge ourselves to find better ways to service our customers, to provide innovative products,
And above all, to be the best company ever.

SIS VISION

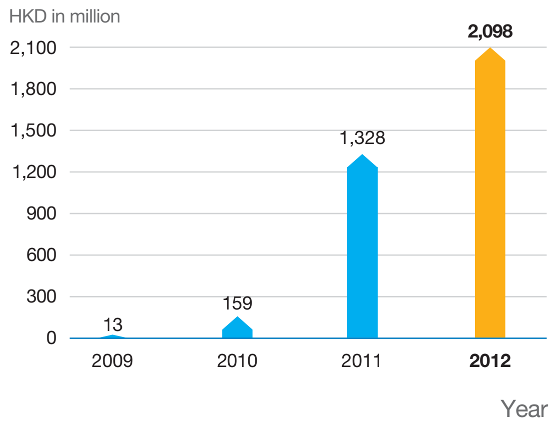
Every challenge need a vision. The personal computer industry was created by people who had a vision and turned it into a challenge. From Steve Jobs, the founder of Apple Computers, who took on the challenge of the mainframe with PCs to Bill Gates, the founder of Microsoft, who envisions the day when there will be a computer on every desk and in every home. SiS was founded in 1983 on this same Shared Vision.

The advancement of Technology would be futile unless one can bring it to the target user. The SiS Mission is to bring Technology closer to you. Innovation of Products will be redundant unless it can work for you. The SiS Mission is to help you and let Technology work for you. Improving the Quality of Life and products require constant communications between the creator, the manufacturer and the user. SiS's Position is to be that link. Our Market is the Asia Pacific region, the world's fastest growing region.

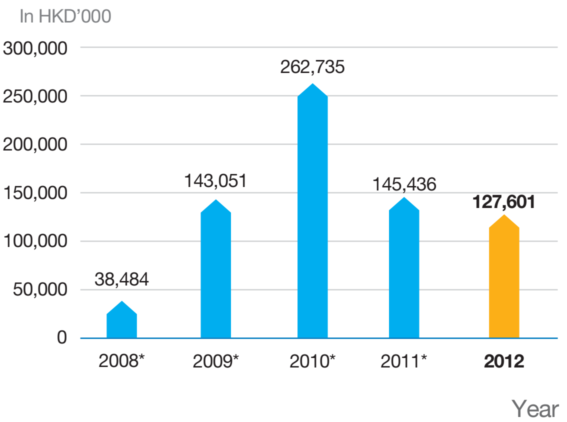
Our objective is to become a leader in the distribution of mobile and IT products by bringing the best returns on the investments for our shareholders; achieving maximum market share for our principals; giving the best value for our customers' investments; and the best company for our staff.

Every challenge has been a triumph, and every triumph brings with it an even greater challenge. SiS will continue to expand its vision for the betterment of human life and to be the best company ever.

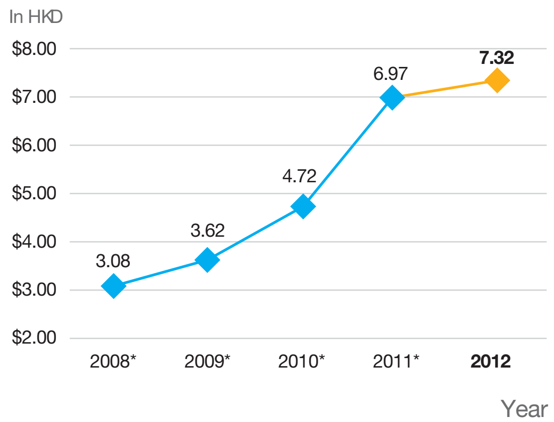
Revenue From Continuing Operations



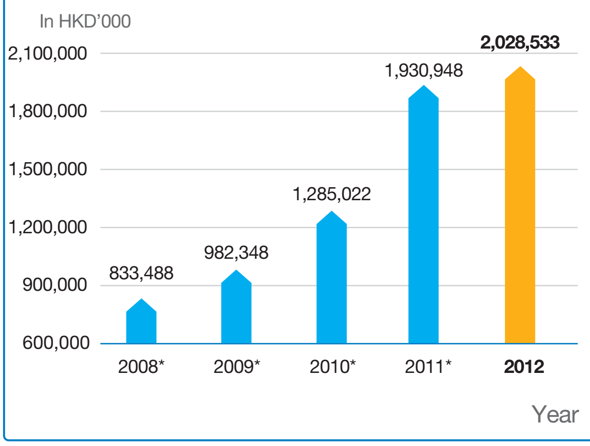
Net Profit From Continuing Operations



Net Asset Value Per Share



Shareholders' Equity



* *Figures are restated to reflect the change in accounting policies for the application of amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" as set out in note 2 to the financial statements.*

MESSAGE FROM THE CHAIRMAN AND CEO

Dear Shareholders

I am pleased to present to our shareholders results of the Group for the year ended 31 December 2012. Sales revenue for the year ended 31 December 2012 from continuing operations for the Group increased 58% to HK$2,098 million from HK$1,328 million. Total net profit for the year amounted to HK$159,343,000, a decrease compared to previous year as total profit for 2011 included gain on the disposal of several subsidiaries of the Group in that year. Net assets value per share increased from HK$7.0 to HK$7.3.

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 profits 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 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.

* *Information from the web-based free encyclopedia Wikipedia, which is modified on 23 November 2012.*

MESSAGE FROM THE CHAIRMAN AND CEO

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.

FINAL DIVIDEND

To reward loyal shareholders, I am happy to announce that 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 members 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.

APPRECIATION

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

We are excited about the future of the Group and the opportunities presented amid the market challenges. With our strong financial position, the Group will expand cautiously, making selective investments in distribution, businesses and real estate when the right opportunities arise.

On behalf of the Board

LIM Kia Hong
Chairman & Chief Executive Officer

Hong Kong, 25 March 2013

FINANCIAL DISCUSSION 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 Japanese 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).

CODE ON CORPORATE GOVERNANCE PRACTICES

On 23 September 2005, the Company has adopted its own corporate governance code (with subsequent amendments) which is substantially similar or in exceeds as the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material deviations from the Code are explained in the report below.

BOARD OF DIRECTORS

The Board is responsible for formulating business strategies, and monitoring the performance of the business of the Group. Other than the daily operational decisions which are delegated to the management of the Group, most of the decisions are taken by the Board.

The Board currently comprised of four Executive Directors, namely Messrs. Lim Kiah Meng, Lim Kia Hong (Chairman and Chief Executive Officer), Lim Hwee Hai, and Madam Lim Hwee Noi, and three Independent Non-Executive Directors (the "INED"), namely, Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael. Messrs. Lim Kiah Meng and Lim Kia Hong, and Madam Lim Hwee Noi are brother and sister. Mr. Lim Hwee Hai is spouse of Madam Lim Hwee Noi. Biographical details of each Director are set out on page 15 of the annual report.

Each of the INED has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independent guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. One of the INED has more than twenty years experience in corporate banking, corporate finance and management.

The INEDs Mr. Lee Hiok Chuan and Ms. Ong Wui Leng are not appointed with a specific term as required by Code A.4.1, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-Laws 99(B). As such, the Directors consider that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than exacting than those in the Code.

According to the Bye-Laws of the Company, at each annual general meeting one-third (or the number nearest to one-third) of the Directors at the time being shall retire from office provided that notwithstanding anything therein, the Chairman of the Board and Managing Directors of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. This deviates from the provision in Code A.4.2 which requires every Director to be subject to retirement by rotation at least once every three years. The Directors consider the deviation acceptable as the position of chairman shall be elected after the next Annual General Meeting. Also in view of the small number of the total Directors of the Company, the deviation is not material.

The positions of the Chairman and Chief Executive Officer are held by the same individual, Mr. Lim Kia Hong who is responsible for the charting of corporate strategies and direction of the Group. As Chairman of the Board, Mr. Lim provides leadership and plays a pivotal role fostering constructive dialogue between the Board, shareholders and management.

As the Vice Chairman of the Board, Mr. Lim Kiah Meng plays a key role in developing operating policies and business development and ensures the effectiveness and efficiency of the business operations of the Group.

CORPORATE GOVERNANCE REPORT

The nomination, appointment and removal of Directors are considered by the Board. All Directors shall made recommendation to the Board whenever they consider appropriate. During the year 2012, the Board considered that the experience, expertise, leadership and qualification of the existing Directors are sufficient to maintain corporation governance of the Company and manage the operations of the Group.

The Board has established three Committees. The table below provides membership information of these Committees on which certain Board members serve:

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Lim Kia Hong	–	C	M
Mr. Lim Kiah Meng	–	M	M
Mr. Lee Hiok Chuan	M	M	M
Ms. Ong Wui Leng	C	M	C
Mr. Ma Shiu Sun, Michael	M	M	M

Notes:
C -Chairman of the relevant Committees
M -Member of the relevant Committees

AUDIT COMMITTEE

The Audit Committee is comprised of all INED. Ms. Ong Wui Leng was appointed as the Chairman with effect from 7 December 2011.

The main duties of the Audit Committee include:

- to consider the appointment, reappointment and removal of the external auditors, the audit fee and terms of engagements, and any questions of resignation of dismissal of that auditors;
- to monitor integrity of half-year and annual financial statements before submission to the Board;
- to review the Company’s financial controls, internal control and risk management systems; and
- to review the Group’s financial and accounting policies and practices.

The Audit Committee has met four times during the year ended 31 December 2012 and has reviewed the managements accounts, half-year, and annual financial results of the Group and its subsidiaries. Certain recommendations have been made to the internal control of the Company and its subsidiaries. Audit Committee had met the external auditors without the present of Executive Directors on reviewing the half year and annual financial results.

NOMINATION COMMITTEE

The Nomination Committee was set up with written terms of reference with effect from 28 March 2012 and is comprised of all INED and two Executive Directors, namely Messrs. Lim Kiah Meng and Lim Kia Hong. Mr. Lim Kia Hong as the Chairman of the Nomination Committee.

The duties of the Nomination Committee shall be:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- assess the independence of independent non-executive directors; and

- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The first meeting was held in March 2013 to review and discuss the composition of the Board of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 23 September 2005 and is comprised of all INED, and two Executive Directors, namely Messrs. Lim Kiah Meng and Lim Kia Hong, with Mr. Lee Hiok Chuan as the Chairman of the Remuneration Committee prior to 27 March 2012 and Ms. Ong Wui Leng as Chairman from 27 March 2012 onwards.

The Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management, and reviewing and approving the compensation payable to Executive Directors and senior management. A meeting was held during the year ended 31 December 2012, and the members had reviewed the remuneration policy and determined remuneration of Directors.

DIRECTORS' SECURITIES TRANSACTION

The Company adopted its own code of conduct regarding Directors' dealing in securities on 23 September 2005 (the "Code of Conduct") with subsequent amendments thereafter. The term of the Code of Conduct are no less exacting than the required standard set out in the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Directors of the Company have complied with the Model Code and the Company's Code of Conduct.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements which give a true and fair view of the state of affair of the Group. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 25 and 26.

AUDITORS' REMUNERATION

During the year ended 31 December 2012, the Group had engaged external auditors to provide the following services.

	Service fee *HK$'000*
Audit services	1,100
Tax advisory	37
Other services	496
	1,633

ATTENDANCE OF MEETINGS

The following table shows the attendance of each Director at general meeting, meetings of the Board and the above committee during the year 2012:

	General Meeting	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings during the year	(1)	(6)	(4)	(0)	(1)
Executive Directors					
Lim Kiah Meng	1	6	N/A	–	1
Lim Kia Hong	1	6	N/A	–	1
Lim Hwee Hai	1	6	N/A	–	N/A
Lim Hwee Noi	1	6	N/A	–	N/A
Independent Non-Executive Directors					
Lee Hiok Chuan	1	6	4	–	1
Ong Wui Leng	1	6	4	–	1
Ma Shiu Sun, Michael (appointed on 2 February 2012)	1	5	4	–	1

INTERNAL CONTROLS

System of internal controls is defined as a system of internal controls procedures which is used to help the achievement of business objectives, and safeguard the Group's assets; to ensure proper maintenance of accounting records and compliance with relevant legislation and regulations.

The management of the Group would evaluate the internal control system periodically and enhance the system when necessary. The Company established its internal audit functions during the year ended 31 December 2012. The internal auditors reviewed the internal controls system on an ongoing basis covering all major operations of the Group on a rotational basis, and reported directly to the Audit Committee and Board on a regular basis.

Through the internal control functions of the Group, the Directors conduct a review of the effectiveness of the system of the internal control of the Group during the year. The Directors considered that the internal control systems effective and adequate.

COMPANY SECRETARY

Ms. Chiu Lai Chun, Rhoda has been appointed as company secretary of the Company since 2004. She has fulfilled the 15 hours of relevant professional training requirements under the Rule 3.29 of the Listing Rules for the year ended 31 December 2012.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

To enhance the communication with investors, or shareholders, the Company has established difference communication channels, including (a) the annual and extraordinary general meetings which provide a forum for shareholders to communicate directly with the Board; (b) printed corporate documents mailing to shareholders; (c) announcement disseminating the latest activities of the Group on the web-sites of the Company and the Stock Exchange of Hong Kong; (d) meeting with investment fund manager and investors; and (e) the Company's web-site providing an electronic means of communication.

The shareholders' meeting in 2012 was the annual general meeting held on 30 May 2012 at Kellett Room III, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong to receive and consider the audited financial statements for the year ended 31 December 2011; to re-elect directors; and approve the general mandates for the issue and repurchase of the Company's share.

During the year under review, the Company has not made any changes to its Bye-Laws. An up to date version of the Company's Bye-Laws is available on web-sites of the Company and the Stock Exchange of Hong Kong. Shareholders may refer to the Company's Bye-Laws for further details of their rights.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Company's Bye-Laws, a special general meeting shall be convened on the written requisition of any two or more shareholders holding at the date of the deposit of the requisition in aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the shareholders and deposited at the Company's office.

For avoidance of doubt, a general meeting other than an annual general meeting or a meeting for the passing of special resolutions shall be called by notice in writing of not less than a period which is the longer of fourteen days and ten clear business days.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

604 Eastern Harbour Centre
28 Hoi Chak Street
Quarry Bay
Hong Kong
Fax: (852) 2138 3928
Email: enquiry@sis.com.hk

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the web-sites of the Company (www.sisinternational.com.hk) and the Stock Exchange of Hong Kong (www.hkexnews.hk) immediately after the relevant general meetings.

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

LIM Kia Hong, aged 56, brother of Mr. Lim Kiah Meng and Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim graduated from University of Washington, US with a Bachelor's Degree in Business Administration and has thirty one years' experience in the I.T. industry. He is responsible for the corporate planning, development and public relation of the Group. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2012.

LIM Kiah Meng, aged 60, brother of Mr. Lim Kia Hong and Madam Lim Hwee Noi, joined the Group in 1986. He has over twenty years' experience in the I.T. industry, and is responsible for the Group's operations in Hong Kong, Singapore and the PRC. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in International Management from the American Graduate School of International Management, US. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2012.

LIM Hwee Hai, aged 63, the spouse of Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in Business Administration from the National University of Singapore. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He has over twenty years' experience in the I.T. industry and is responsible for the Group's operations in Malaysia and Thailand. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2012.

LIM Hwee Noi, aged 62, the sister of Mr. Lim Kiah Meng and Mr. Lim Kia Hong, and spouse of Mr. Lim Hwee Hai, joined the Group in 1983 and is the Finance Director of the Group. Madam Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore. She has been a certified public accountant in Singapore for more than thirty years. She is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LEE Hiok Chuan, aged 78, joined the Group in 1992 and is an investment consultant in Hong Kong. Mr. Lee has more than forty years' experience in finance and banking in Hong Kong.

ONG Wui Leng, aged 52, joined the Group in 2004 and has more than ten years of experience in corporate banking and another nineteen years of experience in corporate finance and management.

MA Shiu Sun, Michael, aged 44, joined the Group in 2012 and holds a Bachelor of Science (Economics) from London School of Economics, University of London, a Bachelor of Laws from University of Sydney and a Postgraduate Certificate of Laws (P.C.LL) from University of Hong Kong. Mr. Ma has been a practicing lawyer for not less than 10 years and is practicing as a partner in a Hong Kong law firm in the areas of commercial and corporate matters.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment trading and investment holding company and provides corporate management services. The principal activities of its subsidiaries, associates and a jointly controlled entity are set out in notes 36, 16 and 17 respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 27.

The directors now recommend the payment of final and special dividend of 5.0 HK cents and 3.0 HK cents per share to the shareholders on the register of members on 11 June 2013 and 11 October 2013 respectively, amounting to totally HK$22,163,000. The distributable reserves of the Company available for distribution after the proposed dividend becomes HK$1,222,617,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on page 94. The summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$278,036,000 and HK$3,771,000 on acquisition of investment properties and property, plant and equipment respectively.

The Group has revalued all its investment properties at the year end date. The increase in fair value amounted to HK$99,458,000, which had been credited to the consolidated income statement directly.

Particulars of investment properties of the Group at 31 December 2012 are set out on pages 95 and 96.

Details of the movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 14 and 15 respectively to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2012 were as follows:

	2012	2011
	HK$'000	*HK$'000*
Contributed surplus	**29,186**	29,186
Investment reserve	**5,469**	4,909
Retained profits	**1,210,125**	1,241,221
	1,244,780	1,275,316

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

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

Independent non-executive directors:

Mr. Lee Hiok Chuan
Ms. Ong Wui Leng
Mr. Ma Shiu Sun, Michael (appointed on 2 February 2012)

In accordance with the provisions of the Company's Bye-Laws, Mr. Lim Hwee Hai and Madam Lim Hwee Noi retire from office and, being eligible, offer themselves for re-election.

The term of office of Mr. Lee Hiok Chuan and Ms. Ong Wui Leng, as the independent non-executive directors are the period up to his/her retirement by rotation in accordance with the Company's Bye-Laws. Mr. Ma Shiu Sun, Michael, is appointed as an independent non-executive director for a period of two years to 1 February 2014 and is also subject to the retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES

At 31 December 2012, 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 interests of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

(ii) Share Options

Directors of the Company and their associates had interest in share options under the Company's share option scheme, detail of which are set out in "Share Options" below.

(iii) Long positions in the shares and underlying shares of associated corporations of the Company

Ordinary share of Baht 1 each of SiS Distribution (Thailand) Public Company Limited ("SiS Thailand"), which is listed in the Stock Exchange of Thailand

Name of Director	Personal Interests	Corporate interests (*Note*)	Total number of issued ordinary shares held in SiS Thailand	Approximate % of issued share capital of SiS Thailand
Lim Kia Hong	161,250	109,725,000	109,886,250	47.07%
Lim Hwee Hai	163,125	–	163,125	0.07%

Note:

The Company indirectly holds 109,725,000 ordinary shares of the issued capital of SiS Thailand. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 66.79% in the Company, therefore Mr. Lim has deemed corporate interest in SiS Thailand under the SFO.

Other than as disclosed above, none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations at 31 December 2012.

SHARE OPTIONS

A new share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 21 May 2007 by the Company to replace the then existing share option scheme for the primary purpose of providing incentives and awards to directors and eligible employees and persons, and will expire on 20 May 2017. Under the Scheme, the Company may grant options to qualified persons, including employees and directors of the Company and its subsidiaries and associates and third parties with a view to maintain business relationship with such persons, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date when the Scheme was adopted. The Company may seek approval by its shareholders in general meeting to refresh the limit on the number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised to not exceeding such number of shares as shall represent 30% of the shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within ten business days from the offer letter together with a payment of HK$10 as consideration of grant. Options may be exercised in a period of time as set out in the offer letter to each grantee. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.

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

Date of grant	Vesting period	Exercisable period	Exercise price *HK$*	Outstanding number of share options at 1.1.2012 and 31.12.2012
Directors and their associates:				
Lee Hiok Chuan				
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334
Ong Wui Leng				
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334
Total directors and their associates				333,334

Date of grant	Vesting period	Exercisable period	Exercise price *HK$*	Outstanding number of share options at 1.1.2012 and 31.12.2012
Employees and other qualified persons:				
20.8.2007	21.8.2007 – 18.2.2008	18.2.2008 – 20.5.2017	1.72	133,332
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	233,334
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	233,334
Total employees and other qualified persons				600,000
Total number of share options				933,334

No share options were granted, exercised, forfeited or expired during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its ultimate holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

The following transactions were entered into by the Group during the year ended 31 December 2012:

	Notes	*HK$'000*
Operating lease rentals paid to:		
Ever Rich Technology Limited ("Ever Rich")	*(a)*	708
SiS Realty Pte. Limited ("SiS Realty")	*(b)*	181

Notes:

(a) Mr. Lim Kiah Meng and his spouse own 50%, and Mr. Lim Kia Hong owns 30% of the issued share capital of Ever Rich at 31 December 2012.

(b) All executive directors (and their respective associates) together hold 56% indirect interest in the issued share capital of SiS Realty.

During the year, an indirectly wholly-owned subsidiary of the Company, SiS HK Limited, has entered into a two years tenancy agreement with Ever Rich for lease of office in Hong Kong. Another indirect wholly-owned subsidiary Qool Labs Pte. Ltd, had a tenancy agreement with SiS Realty for lease of office in Singapore and the agreement was expired at the end of 2012.

In the year 2012, the rental paid to Ever Rich and SiS Realty amounted to HK$708,000 and HK$181,000 respectively, which are included in above. The transactions are regarded as De minimis transactions pursuant to Chapter 14A.33 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and exempted from announcement.

In the opinion of those independent non-executive directors not having an interest in the above transactions, the transactions with the above-mentioned companies were carried out in the usual course of business of the Group and on normal commercial terms and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than as disclosed above, no contracts of significance to which the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, other than the interests disclosed above in respect of Directors and chief executives, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows and 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	Percentage of the issued share capital of the Company
Yeo Seng Chong	600,000	1,150,000	11,942,000	–	13,692,000	4.94%
Lim Mee Hwa	1,150,000	600,000	11,942,000	–	13,692,000	4.94%
Yeoman Capital Management Pte. Ltd.	–	–	300,000	13,442,000	13,742,000	4.96%

Notes:

(1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 47.5% 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.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was approximately 41% by value of the Group's total goods sales during the year, with the largest customer accounted for 16%. The five largest suppliers of the Group comprised approximately 94% by value of the Group's total purchases during the year, with the largest supplier accounted for 60%.

At no time during the year did a director, an associate of a director or a shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest customers and suppliers.

EMOLUMENT POLICY

The Company has established the Remuneration Committee in September 2005.

The emoluments of the directors of the Company are reviewed and approved by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market trends.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 32 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to HK$500.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in the Corporate Governance Report of the Company.

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 during the year.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2012.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LIM Kiah Meng
DIRECTOR

Hong Kong, 25 March 2013

Deloitte.
德勤

TO THE MEMBERS OF SiS INTERNATIONAL HOLDINGS LIMITED
新龍國際集團有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of SiS International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 93, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 March 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** **HK$'000**	2011 *HK$'000* (Restated)
Continuing operations			
Revenue	*5*	**2,098,168**	1,328,274
Cost of sales		**(1,968,406)**	(1,262,186)
Gross profit		**129,762**	66,088
Other income		**7,545**	13,357
Other gains and losses	*6*	**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		**(475)**	(448)
Profit before tax		**130,066**	146,795
Income tax expense	*7*	**(2,465)**	(1,359)
Profit for the year from continuing operations	*8*	**127,601**	145,436
Discontinued operations	*9*		
Gain on disposal of subsidiaries constituting discontinued operations		**31,742**	549,885
Profit for the year attributable to owners of the Company		**159,343**	695,321
		HK Cents	*HK Cents*
Earnings per share	*13*		
From continuing and discontinued operations			
Basic		**57.5**	252.0
Diluted		**57.4**	251.2
From continuing operations			
Basic		**46.1**	52.7
Diluted		**46.0**	52.5
From discontinued operations			
Basic		**11.4**	199.3
Diluted		**11.4**	198.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 *HK$'000*	2011 *HK$'000* (Restated)
Profit for the year	**159,343**	695,321
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 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	**(22,973)**	(24,226)
Total comprehensive income for the year attributable to owners of the Company	**136,370**	671,095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	31.12.2012 HK$'000	31.12.2011 HK$'000 (Restated)	1.1.2011 HK$'000 (Restated)
Non-current assets				
Investment properties	14	**1,212,458**	835,067	699,924
Property, plant and equipment	15	**23,572**	21,373	23,890
Interests in associates	16	**141,239**	216,708	163,206
Interests in a jointly controlled entity	17	**9,043**	17,887	17,242
Available-for-sale investments	18	**87,163**	107,767	62,854
Deferred tax assets	26	**272**	–	–
		1,473,747	1,198,802	967,116
Current assets				
Inventories		**76,119**	153,257	139,641
Trade and other receivables, deposits and prepayments	19	**194,214**	135,376	90,720
Tax recoverable		**136**	5	31
Investments held-for-trading	20	**10,876**	51,937	45,607
Pledged deposits	21	**341,189**	–	–
Bank balances and cash	21	**410,009**	585,398	59,901
		1,032,543	925,973	335,900
Assets classified as held for sale	22	**2,367**	–	1,386,035
		1,034,910	925,973	1,721,935
Current liabilities				
Trade payables, other payables and accruals	23	**144,157**	151,179	116,473
Bills payable		**5,107**	–	–
Deposits received for investment properties held for sale		**–**	–	705
Derivative financial instruments	24	**–**	5,429	–
Tax payable		**33,860**	31,542	8,357
Bank loans	25	**297,000**	–	226,176
		480,124	188,150	351,711
Liabilities associated with assets classified as held for sale		**–**	–	1,043,476
		480,124	188,150	1,395,187

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	**31.12.2012** ***HK$'000***	31.12.2011 *HK$'000* (Restated)	1.1.2011 *HK$'000* (Restated)
Net current assets		**554,786**	737,823	326,748
Total assets less current liabilities		**2,028,533**	1,936,625	1,293,864
Non-current liabilities				
Deferred tax liabilities	*26*	**–**	5,677	8,842
Net assets		**2,028,533**	1,930,948	1,285,022
Capital and reserves				
Share capital	*27*	**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		**2,028,533**	1,930,948	1,285,022

The consolidated financial statements on pages 27 to 93 were approved and authorised for issue by the Board of Directors on 25 March 2013 and are signed on its behalf by:

LIM Kia Hong
DIRECTOR

LIM Kiah Meng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital HK$'000	Share premium HK$'000	Investments reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Contributed surplus HK$'000 (remark)	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2011 as originally stated	27,235	61,129	38,053	53,395	–	2,860	3,173	1,070,688	1,256,533
Effect of changes in accounting policies *(Note 2)*	–	–	–	–	–	–	–	28,489	28,489
At 1 January 2011 as restated	27,235	61,129	38,053	53,395	–	2,860	3,173	1,099,177	1,285,022
Profit for the year	–	–	–	–	–	–	–	695,321	695,321
Other comprehensive income (expense) for the year	–	–	9,220	(34,379)	933	–	–	–	(24,226)
Total comprehensive income (expense) for the year	–	–	9,220	(34,379)	933	–	–	695,321	671,095
Issue of shares under employee share option scheme	468	10,238	–	–	–	–	(2,651)	–	8,055
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	–	–	(33,224)	(33,224)
At 31 December 2011 as restated	**27,703**	**71,367**	**47,273**	**19,016**	**933**	**2,860**	**522**	**1,761,274**	**1,930,948**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**159,343**	**159,343**
Other comprehensive income (expense) for the year	**–**	**–**	**(27,224)**	**4,251**	**–**	**–**	**–**	**–**	**(22,973)**
Total comprehensive income (expense) for the year	**–**	**–**	**(27,224)**	**4,251**	**–**	**–**	**–**	**159,343**	**136,370**
Dividend recognised as distribution *(Note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,785)**	**(38,785)**
At 31 December 2012	**27,703**	**71,367**	**20,049**	**23,267**	**933**	**2,860**	**522**	**1,881,832**	**2,028,533**

Remark: 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 in the year 1992.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**130,066**	146,795
Adjustments for:		
Share of results of associates	**74,835**	(19,041)
Share of result of a jointly controlled entity	**851**	(645)
Loss on deemed disposal of an associate	**73**	34
Finance costs	**475**	448
Allowance for doubtful debts provided, net	**495**	33
Allowance for inventories	**3,306**	633
Dividend income from available-for-sale investments	**(1,313)**	(5,740)
Interest income	**(2,743)**	(2,247)
Gain on disposal of available-for-sale investments	**(27,893)**	(3,941)
Impairment loss on interest in a jointly controlled entity	**9,043**	–
Impairment loss of available-for-sale investments	**–**	10,395
Increase in fair value of investment properties	**(99,458)**	(129,550)
Gain on fair value change of investments held-for-trading	**(3,961)**	(3,330)
(Gain) loss on fair value changes on derivative financial instruments	**(4,374)**	5,429
Depreciation of property, plant and equipment	**1,586**	610
Loss (gain) on disposal of property, plant and equipment	**32**	(266)
Unrealised exchange difference	**(11,316)**	–
Operating cash flows before movements in working capital	**69,704**	(383)
Decrease (increase) in inventories	**73,867**	(5,544)
Increase in trade and other receivables, deposits and prepayments	**(21,973)**	(30,600)
Decrease (increase) in investments held-for-trading	**45,022**	(3,000)
(Decrease) increase in trade payables, other payables and accruals	**(44,369)**	3,825
Increase in bills payable	**5,107**	–
Cash from (used in) operations	**127,358**	(35,702)
Hong Kong Profits Tax (paid) refund, net	**(2,992)**	19
Overseas Tax paid	**(3,530)**	(775)
Interest paid	**(475)**	(448)
Net cash from (used in) operating activities	**120,361**	(36,906)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 HK$'000	2011 HK$'000
Investing activities			
Dividend received from associates		**3,741**	12,768
Dividend received from available-for-sale investments		**1,313**	5,740
Interest received		**2,743**	2,247
Placement of pledged deposits		**(341,189)**	–
Proceeds from disposal of available-for-sale investments		**30,984**	8,060
Purchase of available-for-sale investments		**(9,711)**	(49,985)
Purchase of property, plant and equipment		**(3,771)**	(3,081)
Acquisition of investment properties		**(278,036)**	–
Acquisition of an associate		**–**	(55,095)
Proceeds from disposal of subsidiaries	*9*	**31,742**	823,308
Proceeds from disposal of investment properties		**–**	6,322
Proceeds from disposal of property, plant and equipment		**–**	269
Net settlement on maturity of derivative financial instruments		**(1,055)**	–
Net cash (used in) from investing activities		**(563,239)**	750,553
Financing activities			
Issue of shares		**–**	8,055
Dividends paid		**(38,785)**	(33,224)
New bank loans raised		**487,000**	–
Repayment to Disposal Group		**–**	(77,608)
Repayment of bank loans		**(190,000)**	(226,176)
Net cash from (used in) financing activities		**258,215**	(328,953)
Net (decrease) increase in cash and cash equivalents		**(184,663)**	384,694
Cash and cash equivalents at 1 January		**585,398**	200,618
Effect of foreign exchange rate changes		**9,274**	86
Cash and cash equivalents at 31 December, represented by bank balances and cash		**410,009**	585,398

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Gold Sceptre Limited and its ultimate parent is Summertown Limited, a company controlled by the executive directors of the Company. Both these holding companies are incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section of the annual report.

The Company acts as an investment trading and investment holding company and provides corporate management services to its subsidiaries. The principal activities of its subsidiaries are set out in note 36.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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 Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets;
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

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.

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

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets (continued)

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 change 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.

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)

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 applies for the first time the amendments to HKAS 1 in advance of its effective date (which is the financial period 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.

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

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]
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]

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.*

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for the annual period beginning on 1 January 2015.

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.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation-Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC)-Int 13 Jointly Controlled Entities-Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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 HKFRSs 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.

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

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it 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, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group for the annual period beginning on 1 January 2013.

The directors anticipate that the application of the new standard 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.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the 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 items of other comprehensive income to be 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 option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for the annual period beginning on 1 January 2013. 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by 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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of in last year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled entities (continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Investment properties that are classified as held for sale are measured at their fair values at the end of the reporting period. Other non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts, and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Rentals receivable under operating leases are recognised as income on a straight-line basis over the relevant lease term.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment, including building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases where the Group is the lessor is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Operating lease payments where the Group is the lessee are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including trade and other receivables and bank balances are carried at amortised cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise investments held-for-trading and derivative financial instruments.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of 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 stated 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 incorporates any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item in the consolidated income statement.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or are not classified as any other categories of financial assets.

Equity and debt securities held by the Group that are classified as AFS and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investments reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held-for-trading or it is those designated at FVTPL on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at fair value through profit or loss (continued)

A financial liability is classified as held-for-trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition 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.

A financial liability other than a financial liability held-for-trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and other payables and bank loans) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liability classified as at FVTPL, of which the interest expense is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset other than financial assets is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Impairment loss of financial assets is set out in the section “impairment of financial assets” under “Financial instruments”.

Inventories

Inventories, representing trading merchandise, are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (“foreign currencies”) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (including a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserves under equity.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SEGMENT 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.

Segment revenue and results

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

	For the year ended 31 December 2012		
	Distribution of mobile and IT products *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue			
External sales	**2,077,687**	**20,481**	**2,098,168**
Segment profit	**76,108**	**115,277**	**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 interests 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			**(26,480)**
Profit before tax			**130,066**

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

	For the year ended 31 December 2011		
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue			
External sales	1,312,566	15,708	1,328,274
Segment profit	25,915	143,013	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			(50,261)
Profit before tax			146,795

The accounting policies adopted in preparing the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, share of results of associates and a jointly controlled entity, gain or loss on disposal of subsidiaries and associate, investment income and finance costs.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	At 31 December 2012		
	Distribution of mobile and IT products *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**174,797**	**1,329,979**	**1,504,776**
Interests in associates			**141,239**
Interests in a jointly controlled entity			**9,043**
Unallocated corporate assets			**853,599**
Consolidated total assets			**2,508,657**

	At 31 December 2011		
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment assets	286,509	856,270	1,142,779
Interests in associates			216,708
Interests in a jointly controlled entity			17,887
Unallocated corporate assets			747,401
Consolidated total assets			2,124,775

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than bank deposits and unallocated corporate assets, interests in associates and a jointly controlled entity, available-for-sale investments, and investments held-for-trading.

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

Segment results and segment assets presented above includes the following:

	For the year ended 31 December 2012			
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital additions	**3,371**	**278,436**	**–**	**281,807**
Allowance for doubtful debts	**449**	**–**	**46**	**495**
Allowance for inventories	**3,306**	**–**	**–**	**3,306**
Depreciation	**661**	**708**	**217**	**1,586**
Increase in fair value of investment properties	**–**	**99,458**	**–**	**99,458**

	For the year ended 31 December 2011			
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital additions	235	1,874	1,082	3,191
Allowance for doubtful debts	15	18	–	33
Allowance for inventories	633	–	–	633
Depreciation	118	276	216	610
Increase in fair value of investment properties	–	129,550	–	129,550

4. SEGMENT INFORMATION (CONTINUED)

Geographical information

Majority of the Group's revenue from continuing operations from external customers by geographical location of the customers are attributed to the group entities' countries of domicile (i.e. Hong Kong, Singapore, Malaysia and Japan).

Information about the Group's revenue from continuing operations by geographical location of the customers and non-current assets by geographical location of assets are set out below:

	Revenue		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and PRC	**1,427,229**	539,884	**943,756**	816,553
Singapore	**666,400**	781,110	**48,350**	39,871
Malaysia	**1,075**	7,280	**24**	16
Japan	**3,464**	–	**243,900**	–
	2,098,168	1,328,274	**1,236,030**	856,440

Non-current assets excluded financial instruments, deferred tax assets, interests in associates and a jointly controlled entity.

Major customer information

Revenue from customers contributing over 10% of the total revenue of the Group is from two (2011: one) customers with total amount of HK$596,899,000 (2011: HK$339,313,000) in relation to the segment of distribution of mobile and IT products.

5. REVENUE

Revenue represents the net amount received and receivable for goods sold and gross rental income received and receivable from properties leased for the year. An analysis of the Group's revenue for the year is as follows:

	2012	2011
	HK$000	*HK$000*
Distribution of mobile and IT products	**2,077,687**	1,312,566
Leasing of investment properties	**20,481**	15,708
	2,098,168	1,328,274

6. OTHER GAINS AND LOSSES

	2012 HK$000	2011 HK$000
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 interests 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)

7. INCOME TAX EXPENSE

	2012 HK$000	2011 HK$000 (Restated)
Current tax:		
Hong Kong	**5,110**	1,446
Singapore	**3,297**	2,452
	8,407	3,898
Deferred taxation *(note 26)*	**(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.

7. INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year from continuing operations can be reconciled to the profit before tax per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit before tax	**130,066**	146,795
Tax at the domestic income tax rate of 16.5% *(note)*	**21,461**	24,221
Tax effect of share of results of associates	**12,348**	(3,136)
Tax effect of share of result of a jointly controlled entity	**140**	(107)
Tax effect of expenses not deductible for tax purpose	**9,552**	5,076
Tax effect of income not taxable for tax purpose	**(36,916)**	(26,910)
Tax effect of tax losses/deductible temporary differences not recognised	**4,976**	2,709
Utilisation of tax losses/deductible temporary differences previously not recognised	**(567)**	(55)
Effect of different tax rates of subsidiaries	**90**	105
Withholding tax on share of result of an associate	**(9,204)**	246
Others	**585**	(790)
Income tax expense	**2,465**	1,359

Note: Hong Kong Profits Tax rate is used as the domestic tax rate as Hong Kong is the place where the operation of the Group is substantially based.

8. PROFIT FOR THE YEAR

	2012 HK$'000	2011 HK$'000
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

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 as set out in note 10. Staff costs include retirement benefit schemes contributions for directors and other staff amounting to HK$1,396,000 (2011: HK$776,000).

9. DISCONTINUED OPERATIONS

Gain on disposal of subsidiaries constituting discontinued operations comprised of:

	2012	2011
	HK$'000	*HK$'000*
Gain recognised on disposal of subsidiaries	**–**	549,885
Gain on adjustment to consideration for disposal of subsidiaries	**31,742**	–
	31,742	549,885

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 date 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. During the year ended 31 December 2012, an adjustment to the Net Asset Value amounting to HK$31,742,000 was made on these assets and liabilities and was recognised as gain from discontinued operations during the year.

Gain and cash inflow arising on disposal recognised in the consolidated financial statements for the year ended 31 December 2011 upon the completion of the disposal were as follows:

	HK$'000
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 recognised in prior years	26,804
Gain on disposal of Disposal Group constituting discontinued operations	549,885

9. DISCONTINUED OPERATIONS (CONTINUED)

	HK$'000
Consideration received	964,025
Bank balances and cash disposed of	(140,717)
Net cash inflow arising on disposal	823,308

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 were of the opinion that the potential liabilities, provision and allowances were adequately made in arriving at the net assets at the date of completion of the Disposal Group.

10. DIRECTORS' EMOLUMENTS

Emoluments paid or payable to each of the directors and chief executive officer during the year are as follows:

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Performance bonus *HK$'000*	Contributions to retirement benefit scheme *HK$'000*	2012 Total *HK$'000*
Executive directors:					
Mr. Lim Kia Hong (Chief executive officer)	126	4,584	1,500	50	6,260
Mr. Lim Kiah Meng	126	4,050	1,500	51	5,727
Mr. Lim Hwee Hai	126	4,084	1,500	34	5,744
Madam Lim Hwee Noi	126	2,147	1,000	32	3,305
	504	14,865	5,500	167	21,036
Independent non-executive directors:					
Mr. Lee Hiok Chuan	280	–	–	–	280
Ms. Ong Wui Leng	280	–	–	–	280
Mr. Ma Shiu Sun Michael (appointed on 2 February2012)	280	–	–	–	280
	840	–	–	–	840
	1,344	14,865	5,500	167	21,876

10. DIRECTORS' EMOLUMENTS (CONTINUED)

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefit scheme HK$'000	2011 Total HK$'000
Executive directors:					
Mr. Lim Kia Hong (Chief executive officer)	126	3,775	3,500	40	7,441
Mr. Lim Kiah Meng	126	3,776	2,000	38	5,940
Mr. Lim Hwee Hai	126	3,793	2,000	21	5,940
Madam Lim Hwee Noi	126	2,000	1,000	21	3,147
	504	13,344	8,500	120	22,468
Independent non-executive directors:					
Mr. Lee Hiok Chuan	280	–	–	–	280
Mr. Woon Wee Teng (resigned on 4 November 2011)	250	–	–	–	250
Ms. Ong Wui Leng	280	–	–	–	280
	810	–	–	–	810
	1,314	13,344	8,500	120	23,278

The performance bonus is determined by reference to the performance of the individual directors.

No directors waived any of their emoluments during the two years ended 31 December 2011 and 31 December 2012.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2011: four) were directors whose emoluments are disclosed in note 10 above. The emolument of the remaining one (2011: one) individual is as follow:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	**1,860**	1,760
Contributions to retirement benefit scheme	**12**	12
	1,872	1,772

12. DIVIDENDS

	2012 *HK$'000*	2011 *HK$'000*
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)	**24,933**	11,075
	38,785	33,224

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 the special dividend of 9.0 HK cents per share for the year end 31 December 2011 were approved during the last annual general meeting and had been recognised as distribution during the year.

13. EARNINGS PER SHARE

The calculation of both the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$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	**377,752**	959,560
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**277,411,084**	276,803,713

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.

14. INVESTMENT PROPERTIES

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**835,067**	699,924
Exchange realignment	**2,264**	(407)
Additions	**278,036**	–
Increase in fair value recognised in profit or loss	**99,458**	129,550
Transfer to assets classified as held for sale	**(2,367)**	–
Reclassified from property, plant and equipment	**–**	6,000
At 31 December	**1,212,458**	835,067

An analysis of the investment properties, which are stated at fair value, by geographical location and lease term is as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong		
long lease	**867,400**	748,000
medium-term lease	**55,700**	44,900
Japan		
medium-term lease	**243,900**	–
Singapore		
freehold	**21,366**	20,186
long lease	**24,092**	18,569
The PRC		
medium-term lease	**–**	3,412
	1,212,458	835,067

Properties in Japan are held by trustee under a trust agreement.

All of the Group's property interests, which are held under operating leases to earn rentals or for capital appreciation purposes, are classified and accounted for as investment properties and are measured using the fair value model.

The fair values of the investment properties in Hong Kong and the PRC, Japan and Singapore as at the end of the reporting period have been arrived at on the basis of valuation carried out on that date by DTZ Debenham Tie Leung Ltd., CBRE HK Limited and Knight Frank Pte Ltd respectively, which are independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties and where appropriate by capitalisation of the net income with due allowance for outgoings and provisions for reversionary income potential.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and building in Hong Kong under long lease	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2011	23,971	2,160	102	2,169	28,402
Exchange realignment	–	–	(1)	(30)	(31)
Acquisition of subsidiaries	–	25	85	–	110
Additions	–	1,140	860	1,081	3,081
Disposals	–	–	(46)	(778)	(824)
Fair value change upon reclassification	933	–	–	–	933
Reclassify to investment properties	(6,016)	–	–	–	(6,016)
At 31 December 2011	**18,888**	**3,325**	**1,000**	**2,442**	**25,655**
Exchange realignment	**–**	**–**	**1**	**120**	**121**
Additions	**–**	**1,140**	**2,631**	**–**	**3,771**
Disposals	**–**	**(24)**	**(153)**	**–**	**(177)**
At 31 December 2012	**18,888**	**4,441**	**3,479**	**2,562**	**29,370**
DEPRECIATION					
At 1 January 2011	952	1,720	43	1,797	4,512
Exchange realignment	–	–	–	(3)	(3)
Provided for the year	99	153	67	291	610
Eliminated on disposals	–	–	(43)	(778)	(821)
Eliminated on reclassification to investment properties	(16)	–	–	–	(16)
At 31 December 2011	**1,035**	**1,873**	**67**	**1,307**	**4,282**
Exchange realignment	**–**	**–**	**1**	**74**	**75**
Provided for the year	**100**	**434**	**760**	**292**	**1,586**
Eliminated on disposals	**–**	**(10)**	**(135)**	**–**	**(145)**
At 31 December 2012	**1,135**	**2,297**	**693**	**1,673**	**5,798**
CARRYING VALUES					
At 31 December 2012	**17,753**	**2,144**	**2,786**	**889**	**23,572**
At 31 December 2011	17,853	1,452	933	1,135	21,373

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	2%, or over the term of the lease of 65 to 897 years, whichever is shorter
Leasehold improvements	20% or the term of the lease, whichever is shorter
Furniture, fixtures and equipment	20%-33%
Motor vehicles	20%

16. INTERESTS IN ASSOCIATES

	2012 *HK$'000*	2011 *HK$'000*
Cost of investment in associates		
Listed overseas	**29,850**	29,850
Unlisted	**55,095**	55,095
Share of post-acquisition profits and reserves, net of dividend received	**56,294**	131,763
	141,239	216,708
Fair value of a listed associate	**195,091**	310,442

Details of the principal associates at the end of the reporting period are as follows:

Name of company	Form of business structure	Country of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held indirectly by the Company 2012	2011	Principal activities
SiS Distribution (Thailand) Public Company Limited (listed on the Stock Exchange of Thailand)	Limited company	Thailand	Ordinary	**47.0%**	47.2%	Distribution of mobile and IT products and provision of services
Information Technology Consultants Limited ("ITC")	Limited company	Bangladesh	Ordinary	**29.5%**	29.5%	Provision of financial services and mobile banking solutions

16. INTERESTS IN ASSOCIATES (CONTINUED)

Subsequent to the end of the reporting period, the Group acquired additional 14.1% interest in ITC at a consideration of HK$21,995,000.

The summarised financial information in respect of the Group's associates is set out below:

	2012	2011
	HK$'000	*HK$'000*
Total assets	**1,373,707**	1,653,749
Total liabilities	**(1,062,832)**	(1,191,441)
Net assets	**310,875**	462,308
Group's share of net assets of associates	**141,239**	216,708
Total revenue	**5,513,039**	5,715,476
Total (loss) profit for the year	**(158,188)**	39,536
Group's share of the total (loss) profits of associates for the year	**(74,835)**	19,041

The Group has discontinued recognising its share of losses of certain associates. The amounts of unrecognised share of losses of these associates, extracted from the management accounts of associates, both for the year and cumulatively, are as follows:

	2012	2011
	HK$'000	*HK$'000*
Unrecognised share of losses of associates for the year	**(76)**	–
Accumulated unrecognised share of losses of associates	**(1,702)**	(1,626)

17. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	2012 *HK$'000*	2011 *HK$'000*
Cost of investments	**12,679**	12,679
Share of post-acquisition profits and reserves	**5,407**	5,208
	18,086	17,887
Less: impairment loss	**(9,043)**	–
	9,043	17,887

An impairment loss of HK$9,043,000 is recognised on the carrying amount of the interests in the jointly controlled entity as the directors anticipate that the carrying amount exceeds the recoverable amount.

Details of the jointly controlled entity at the end of the reporting period are as follows:

Name of company	Form of business	Country of incorporation/ operation	Proportion of capital held indirectly by the Company		Principal activities
			2012	2011	
Hangxin Electronic Industrial Co. Ltd. ("Hangxin") 杭州杭鑫電子工業有限公司	Limited company	PRC	**25.6%**	25.6%	Manufacture of electronic products

Hangxin is jointly controlled by the Group and the other equity-holders by virtue of contractual arrangements amongst equity-holders. All major decisions of Hangxin require unanimous consent from all the equity-holders.

17. INTERESTS IN A JOINTLY CONTROLLED ENTITY (CONTINUED)

The summarised financial information of the Group's interest in the jointly controlled entity, which is accounted for using the equity method, is set out below:

	2012	2011
	HK$'000	*HK$'000*
Non-current assets	**20,463**	17,469
Current assets	**13,689**	19,679
Current liabilities	**(8,092)**	(11,732)
Non-current liabilities	**(7,974)**	(7,529)
Income recognised in profit or loss	**22,564**	29,087
Expenses recognised in profit or loss	**(23,415)**	(28,442)
Other comprehensive income	**–**	–

18. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Equity securities		
Listed overseas, at fair value	**62,430**	76,372
Unlisted, at cost	**23,433**	30,095
Club debentures, unlisted, at cost	**1,300**	1,300
	87,163	107,767

The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges. The unlisted equity securities are measured at cost less impairment, if any, because the range of reasonable fair value estimates is so broad that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The unlisted securities represent investment in entities carrying on IT related business and development of hospitality business for capital appreciation and strategic purposes.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**77,946**	96,616
Less: allowance for doubtful debts	**(464)**	(15)
	77,482	96,601
GST receivable	**10,287**	30,005
Amount due from trustee	**78,467**	–
Consumption tax receivable	**13,457**	–
Deposits, prepayments and other receivables	**14,521**	8,770
	194,214	135,376

The amount due from trustee represents rental deposits from tenants of properties and funds reserved for leasing operation held in bank by the trustee.

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 and related company. Rental is payable in advance on presentation of demand note. No interest is charged on overdue debts.

Included in the trade receivable balance are debts with total carrying amount of HK$36,238,000 (2011: HK$47,915,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considers that the default risk is low after considering the creditworthiness and past payment history of the debtors and settlement after the end of the reporting period. No collateral is held over these receivables. Trade receivables which are neither overdue nor impaired are in good quality.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The aging of these trade receivables which are past due but not impaired are as follows:

	2012	2011
	HK$'000	*HK$'000*
Overdue:		
Within 30 days	**17,856**	32,982
31 to 90 days	**11,202**	9,889
91 to 120 days	**3,148**	1,739
Over 120 days	**4,032**	3,305
	36,238	47,915

Movement in the allowance for doubtful debts deducted from the trade receivable are as follows:

	2012	2011
	HK$'000	*HK$'000*
Balance at beginning of the year	**15**	15
Impairment losses recognised	**495**	33
Amounts written off as uncollectible	**(46)**	(33)
Balance at end of the year	**464**	15

The allowance for doubtful debts are provided on individually impaired trade debtors which have either been in severe financial difficulties or default in payments.

The following is an aged analysis of trade receivable presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
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
	77,482	96,601

20. INVESTMENTS HELD-FOR-TRADING

	2012	2011
	HK$'000	*HK$'000*
Equity securities		
listed overseas, at fair value	**10,876**	51,610
listed in Hong Kong, at fair value	**–**	327
	10,876	51,937

The fair values are determined based on the quoted market bid prices available on the relevant exchanges.

21. BANK DEPOSITS

Pledged deposits and bank balances comprise of short-term bank deposits which carry interest at market rates ranging from 0.001% to 4.1% (2011: 0.001% to 4.5%) per annum with an original maturity of three months or less.

Pledged deposits and bank balances that are denominated in foreign currencies, currencies other than the functional currencies of the relevant group entities, amount to HK$476,756,000 (2011: HK$336,580,000).

22. 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 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 on disposal less cost to sale.

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**35,402**	103,991
Rental deposits received	**42,095**	3,823
Accrued staff costs	**27,444**	23,125
Other payables and accruals	**39,216**	20,240
	144,157	151,179

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.

Trade payables that are denominated in United States dollars, currency other than the functional currencies of the relevant group entities amounted to HK$30,054,000 (2011: HK$16,848,000).

The following is an aged analysis of the trade payables, based on the invoice date, at the end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
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**	–
	35,402	103,991

24. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency forward contracts with total principal amount of US$15,000,000 to buy varying amounts of Singapore dollars ("S$") at specified rates ranging from S$1.2207 to S$1.2625 to US$1 outstanding at the end of the proceeding period had been matured during the current year.

25. BANK LOANS

Bank loan outstanding at the end of the reporting period of Japanese Yen ("JPY") 3,300,000,000 (equivalent to HK$297,000,000) carries interest at 3-month JPY London Interbank Offer Rate plus 0.70% per annum. It is secured by bank deposits with carrying value of HK$341,189,000.

26. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Allowances for doubtful debts/ inventories	Revaluation of investment properties	Tax losses	Undistributed earnings of an associate	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011 as originally stated	(2,825)	1,356	(28,489)	3,240	(10,600)	(13)	(37,331)
Effect of changes in accounting policy *(note 2)*	–	–	28,489	–	–	–	28,489
At 1 January 2011 as restated	(2,825)	1,356	–	3,240	(10,600)	(13)	(8,842)
(Charge) credit to profit or loss (restated)	(214)	–	–	2,999	(246)	–	2,539
Exchange realignment	–	–	–	–	626	–	626
At 31 December 2011	**(3,039)**	**1,356**	**–**	**6,239**	**(10,220)**	**(13)**	**(5,677)**
(Charge) credit to profit or loss	**(3,773)**	**–**	**–**	**525**	**9,204**	**(14)**	**5,942**
Exchange realignment	**–**	**–**	**–**	**–**	**5**	**2**	**7**
At 31 December 2012	**(6,812)**	**1,356**	**–**	**6,764**	**(1,011)**	**(25)**	**272**

At the end of the reporting period, the Group has unrecognised deductible temporary differences of HK$51,765,000 (2011: HK$35,526,000) and unutilised tax losses of HK$53,082,000 (2011: HK$39,416,000). A deferred tax asset has been recognised in respect of the tax losses of HK$40,993,000 (2011: HK$37,812,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$12,089,000 (2011: HK$1,604,000) and the deductible temporary differences due to the unpredictability of future assessable profit streams. All tax losses can be brought forward indefinitely.

27. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Nominal value	
	2012	2011	**2012**	2011
			HK$'000	*HK$'000*
Authorised	**350,000,000**	350,000,000	**35,000**	35,000
Issued and fully paid				
At beginning of year	**277,033,332**	272,349,995	**27,703**	27,235
Allotted on exercise of share options at HK$1.72 per share	**–**	4,683,337	**–**	468
At end of year	**277,033,332**	277,033,332	**27,703**	27,703

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents and equity, comprising issued share capital, reserves and retained profits.

The management of the Group reviews the capital structure on an annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital, and takes appropriate actions to adjust the Group's capital structure. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as raising new debt or repayment of existing debt.

29. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2012	2011
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	**87,163**	107,767
Investments held-for-trading	**10,876**	51,937
Loans and receivables (including cash and cash equivalents)	**941,738**	716,999
Financial liabilities		
Derivative financial instruments	**–**	5,429
Financial liabilities stated at amortised cost	**355,275**	114,008

b. Financial risk management objectives

The Group's financial instruments include available-for-sale investments, investments held-for-trading, trade and other receivables, bank deposits, trade and other payables, derivative financial instruments and bank loans. Details of the financial instruments are disclosed in the respective notes.

The management monitors and manages the financial risk of the Group through internal risk assessment. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the risks of changes in foreign currency rates and equity price.

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives (Continued)

Market risk (Continued)

(i) Currency risk

Certain purchase of goods of the Group are denominated in United States dollars. Certain bank balances are denominated in United States Dollar, Australian Dollar, Singapore Dollar, New Zealand Dollar, Malaysian Riggit, Indonesian Rupiah and Japanese Yen, the currencies other than the functional currencies of the relevant group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States Dollar	**163,463**	75,604	**17,665**	16,848
Australian Dollar	**87,299**	77,951	**–**	–
Singapore Dollar	**231,231**	286,517	**12,388**	–
New Zealand Dollar	**2,364**	2,186	**–**	–
Malaysian Riggit	**26,234**	32,892	**–**	–
Indonesian Rupiah	**22,149**	21,112	**–**	–
Taiwanese Dollar	**–**	3,949	**–**	–
Japanese Yen	**29,386**	–	**–**	–

The Group currently does not have currency hedging policy. However, the management monitors the currency fluctuation exposure and will consider hedging significant currency risk exposure should the need arise.

Sensitivity analysis

The following analysis indicates the change in the Group's post-tax profit in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk at that date, and all other variables are held constant.

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives (Continued)

Market risk (Continued)

(i) *Currency risk (Continued)*

Sensitivity analysis (Continued)

	2012		2011	
	Increase (decrease) in foreign exchange rates	**Increase (decrease) in post-tax profit**	Increase (decrease) in foreign exchange rates	Increase (decrease) in post-tax profit
	%	***HK$'000***	%	*HK$'000*
Non-derivative financial instruments				
United States Dollar	**1.5**	**2,187**	1.5	881
	(1.5)	**(2,187)**	(1.5)	(881)
Australian Dollar	**10.0**	**8,729**	10.0	7,795
	(10.0)	**(8,729)**	(10.0)	(7,795)
Singapore Dollar	**5.0**	**10,942**	5.0	14,326
	(5.0)	**(10,942)**	(5.0)	(14,326)
New Zealand Dollar	**10.0**	**236**	10.0	219
	(10.0)	**(236)**	(10.0)	(219)
Malaysian Riggit	**5.0**	**1,312**	5.0	1,645
	(5.0)	**(1,312)**	(5.0)	(1,645)
Indonesian Rupiah	**10.0**	**2,215**	10.0	2,111
	(10.0)	**(2,215)**	(10.0)	(2,111)
Taiwanese Dollar	**N/A**	**N/A**	10.0	395
	N/A	**N/A**	(10.0)	(395)
Japanese Yen	**10.0**	**2,939**	N/A	N/A
	(10.0)	**(2,939)**	N/A	N/A
Derivative financial instruments				
Singapore Dollar	**N/A**	**N/A**	5.0	4,653
	N/A	**N/A**	(5.0)	(4,653)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives (Continued)

Market risk (Continued)

(ii) Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management closely keeps watch of the price changes and takes appropriate action when necessary.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective listed equity securities classified as held-for-trading investments had been 10% (2011: 10%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by HK$1,088,000 (2011: HK$5,188,000) as a result of the changes in fair value of held-for-trading investments.

If the price of the respective listed equity securities classified as available-for-sale investments had been 10% (2011: 10%) higher/lower, the Group's available-for-sale investments and investment reserve would increase/decrease by HK$6,243,000 (2011: HK$7,637,000). However, any significant or prolonged decrease in the fair value of available-for-sale investments below the Group's cost requires recognising impairment loss in profit or loss. As such, the Group's post-tax profit for the year would decrease by the amount of impairment loss recognised.

(iii) Interest rate risk

The bank balances comprising bank deposits, and bank loans carrying interest at floating interest rate, thus exposing the Group to interest rate risk. The Group currently does not have any policy to hedge against interest rate risk and will consider hedging such exposure should the needs arise.

Sensitivity analysis

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2012 would increase/decrease by HK$2,664,000 (2011: HK$2,927,000). The analysis is prepared assuming the amounts of bank balances and bank loans outstanding at the end of the reporting period were outstanding for the whole year.

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives (Continued)

Market risk (Continued)

(iii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

A 50 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rates risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated certain staff for credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk over its trade debtors, with exposure spread over a number of counterparties and customers, the Group's concentration of credit risk by geographical location of customers are mainly in Hong Kong and Singapore which accounted for majority of the trade receivables at 31 December 2012.

The Group has concentration of credit risk on loans and receivable of which 80% are liquid funds deposited with several banks. The credit risk on liquid funds is limited because the counterparties are banks with high credit-standings.

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives (Continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flow. For derivative financial instruments, the tables have been drawn up based on the undiscounted gross cash inflows and outflows on those instruments that require gross cash settlement based on their contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows.

	Weighted average interest rate %	Within 3 months *HK$'000*	3-6 months *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31 December *HK$'000*
2012					
Non-derivative financial liabilities					
Trade and other payables	N/A	**58,275**	**-**	**58,275**	**58,275**
Bank loans	0.8371	**-**	**297,000**	**297,000**	**297,000**
		58,275	**297,000**	**355,275**	**355,275**
2011					
Non-derivative financial liabilities					
Trade and other payables	N/A	114,008	–	114,008	114,008
Derivative financial instruments					
Foreign currency forward contracts					
– gross settlement					
– cash inflows		(37,884)	(73,687)	(111,571)	
– cash outflows		39,000	78,000	117,000	
		1,116	4,313	5,429	5,429

29. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative instruments is calculated using quoted forward rates and discounted using the applicable yield for the duration of the instruments.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 and 2 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 market 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).

	2012	2011	
	Level 1	Level 1	Level 2
	HK$'000	*HK$'000*	*HK$'000*
Financial assets at FVTPL			
Non-derivative financial assets held-for-trading	**10,876**	51,937	–
Available-for-sale financial assets			
Listed equity securities	**62,430**	76,372	–
Total	**73,306**	128,309	–
Financial liabilities at FVTPL			
Derivative financial instruments	**–**	–	5,429

There were no transfers between level 1 and 2 in the prior year.

30. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In applying the entity's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, the directors of the Company have taken into consideration the intrinsic value of the unlisted equity securities classified under available-for-sale investments and a jointly controlled entity and the present value of the estimated future cash flows from the underlying business of the investee companies. Where the actual cash flows generated from the investment is less than expected, a material impairment loss may arise. As at 31 December 2012, impairment loss on available-for-sale investments and interests in a jointly controlled entity amounted to HK$10,395,000 (2011: HK$10,395,000) and HK$9,043,000 (2011: nil) respectively.

31. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Within one year	**2,176**	257
In the second to fifth years inclusive	**1,957**	–
	4,133	257

Operating lease payments represented rentals payable by the Group for certain of its rented premises. Leases were negotiated for an average term of two years and for fixed rentals.

31. OPERATING LEASES (CONTINUED)

The Group as lessor

At the end of the reporting period, the Group had contracted with lessees for the following future minimum lease payments:

	2012 HK$'000	2011 HK$'000
Within one year	**86,781**	13,279
In the second to fifth year inclusive	**169,997**	7,644
More than five years	**15,374**	–
	272,152	20,923

The Group has entered into an agreement with the trustee for the leasing activities of the property in Japan for a period of 3 years, whereby the Group is empowered to enter agreements with the lessees.

Leases are negotiated between the Group and the tenants with majority terms of 2 to 5 years.

32. SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 21 May 2007, the Company may grant options to qualified persons, including employees and directors of the Company, its subsidiaries and associates, and third parties with a view to maintain business relationship with such persons to subscribe for shares of the Company.

Share options were granted on 20 August 2007 to certain directors and employees of the Group and directors of an associate at an exercise price of HK$1.72 per share and at a cash consideration of HK$10.00 per grantee. At 31 December 2012, the number of options which remained outstanding under the Scheme was 933,334 (2011: 933,334) which, if exercised in full, represents 0.3% (2011: 0.3%) of the enlarged capital of the Company. Details of the share options are as follows:

Number of share options	Vesting period	Exercise period
133,332	21 August 2007-18 February 2008	18 February 2008-20 May 2017
400,000	21 August 2007-18 February 2009	18 February 2009-20 May 2017
400,002	21 August 2007-18 February 2010	18 February 2010-20 May 2017

32. SHARE OPTION SCHEME (CONTINUED)

The movements in the shares options during the two years ended 31 December 2011 and 31 December 2012 are as follows:

Grantee	Outstanding at 1 January 2011	Exercised during the year	**Outstanding at 1 January and 31 December 2012**
Directors	2,633,337	(2,300,003)	**333,334**
Employees and others	2,983,334	(2,383,334)	**600,000**
	5,616,671	(4,683,337)	**933,334**

The weighted average share price at the date of exercise of the share options during the year ended 31 December 2011 was HK$3.25.

No options were granted or lapsed during the two years ended 31 December 2011 and 2012 nor options exercised during the year ended 31 December 2012.

33. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the employees' salaries costs or HK$1,250, before 30 June 2012, HK$1,000, whichever the lower, to the scheme.

Employees of the Group's subsidiaries incorporated in Singapore are members of pension schemes operated by the local governments. The subsidiaries contributions to the pension schemes are ranging from 6.5% to 16% of the employees' salaries.

34. PLEDGE OF ASSETS

At the end of the reporting period,

(a) The Group's investment properties with carrying values of HK$643,000,000 (2011: HK$560,000,000) 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$341,189,000 were pledged to secure a bank loan drawn during the year.

35. RELATED PARTY TRANSACTIONS

The Group provides management service to an associate from which service income earned during the year amounts to HK$3,452,000 (2011: HK$3,732,000). The amount due from the associate at 31 December 2012 for the services provided included in trade and other receivables amounts to HK$1,371,000 (2011: HK$314,000).

Rental expenses of HK$889,000 (2011: HK$729,000) were incurred during the year for the lease of premises from two related companies.

Two executive directors and the spouse of one of them have ultimate controlling interest in one of the related companies. All executive directors (and their associates) together have ultimate joint control over the other related company.

Apart from the above, remunerations paid and payable to the executive directors of the Company who are considered to be the key management personnels are disclosed in note 10. The remuneration of directors are determined by the Remuneration Committee having regard to the Group's operating result, performance of individuals and market trends.

36. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2012 %	2011 %	Principal activities
Direct subsidiaries:					
SiS Distribution Limited	British Virgin Islands	US$45,001	**100**	100	Investment holding
SiS Investment Holdings Limited	British Virgin Islands	US$1	**100**	100	Investment holding
Indirect subsidiaries:					
Computer Zone Limited	Hong Kong	HK$2	**100**	100	Property investment
Ever Wealthy Limited	Hong Kong	HK$1	**100**	100	Investment holding
Faith Prosper Ltd.	British Virgin Islands	US$1	**100**	100	Investment holding
Gain Best Limited	Hong Kong	HK$1	**100**	100	Property investment
Gold Kite Limited	Hong Kong	HK$1	**100**	100	Investment holding
Qool Bangladesh Limited	Bangladesh	TK1,000,000	**99**	99	Investment holding
Qool Labs Pte. Ltd.	Singapore	S$2	**100**	100	Distribution of IT and communication products
Qool International Limited	Hong Kong	HK$1	**100**	100	Distribution of IT and communication products
Qool Distribution (M) Sdn Bhd	Malaysia	RM2	**100**	100	Distribution of IT and communication products

36. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2012 %	2011 %	Principal activities
QR Capital Limited	Hong Kong	HK$1	**100**	100	Property investment
SiS Asia Pte. Ltd.	Singapore	S$2	**100**	100	Investment holding, provision of hardware, software and corporate management services
SiS Assets Pte. Ltd	Singapore	S$1	**100**	N/A	Investment holding
SiS Capital Limited	Hong Kong	HK$1	**100**	100	Investment holding
SiS Capital (Bangladesh) Pte Ltd.	Singapore	S$2	**100**	100	Investment holding
SiS China Limited	Hong Kong	HK$2	**100**	100	Property investment
SiS HK Limited	Hong Kong	HK$400,000	**100**	100	Investment holding
SiS Netrepreneur Ventures Corp.	British Virgin Islands	US$1	**100**	100	Investment holding
SiS Technologies (Thailand) Pte. Ltd.	Singapore	S$2	**100**	100	Investment holding
Synergy Technologies (Asia) Limited	Hong Kong	HK$5,000,000	**100**	100	Distribution of mobile phone products
Tokutei Mokuteki Kaisha SSG 8	Japan	JPY470,000,000	**100**	N/A	Property investment

None of the subsidiaries had issued any debt securities during the year nor held at the end of the year.

37. FINANCIAL POSITION OF THE COMPANY

Below is a summary of the financial position of the Company at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Assets		
Interest in unlisted subsidiaries	**1,191,401**	1,305,772
Other assets	**25,104**	38,122
Bank balances and cash	**160,277**	117,544
	1,376,782	1,461,438
Liabilities		
Payables and accruals	**(32,410)**	(86,530)
Net assets	**1,344,372**	1,374,908
Share capital	**27,703**	27,703
Share premium	**71,367**	71,367
Reserves (note below)	**1,245,302**	1,275,838
Total equity	**1,344,372**	1,374,908

37. FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movement in reserves are presented below:

	Investments reserve HK$'000	Share options reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2011	–	3,173	29,186	393,959	426,318
Profit for the year	–	–	–	880,486	880,486
Other comprehensive income for the year	4,909	–	–	–	4,909
Total comprehensive income for the year	4,909	–	–	880,486	885,395
Issue of shares under employee share option scheme	–	(2,651)	–	–	(2,651)
Dividend recognised as distribution	–	–	–	(33,224)	(33,224)
At 31 December 2011	**4,909**	**522**	**29,186**	**1,241,221**	**1,275,838**
Profit for the year	**–**	**–**	**–**	**7,689**	**7,689**
Other comprehensive income for the year	**560**	**–**	**–**	**–**	**560**
Total comprehensive income for the year	**560**	**–**	**–**	**7,689**	**8,249**
Dividend recognised as distribution	**–**	**–**	**–**	**(38,785)**	**(38,785)**
At 31 December 2012	**5,469**	**522**	**29,186**	**1,210,125**	**1,245,302**

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2008 *HK$'000* (restated)	2009 *HK$'000* (restated)	2010 *HK$'000* (restated)	2011 *HK$'000* (restated)	**2012** ***HK$'000***
Revenue	4,563,332	3,883,752	158,641	1,328,274	**2,098,168**
Profit before taxation	52,568	153,895	267,376	146,795	**130,066**
Income tax expense	(14,084)	(10,844)	(4,641)	(1,359)	**(2,465)**
Gain on disposal of subsidiaries constituting discontinued operations	–	–	–	549,885	**31,742**
Profit for the year attributable to Owners of the Company	38,484	143,051	262,735	695,321	**159,343**

ASSETS AND LIABILITIES

	At 31 December				
	2008 *HK$'000* (restated)	2009 *HK$'000* (restated)	2010 *HK$'000* (restated)	2011 *HK$'000* (restated)	**2012** ***HK$'000***
Total assets	1,406,338	1,566,039	2,689,051	2,124,775	**2,508,657**
Total liabilities	(572,850)	(583,691)	(1,404,029)	(193,827)	**(480,124)**
Equity attributable to Owners of the Company	833,488	982,348	1,285,022	1,930,948	**2,028,533**

Information for the year ended 31 December 2008 to 2011 has been adjusted to reflect the change in accounting policies for the application of the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" as set out in note 2 to the financial statements.

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2012

Name of property and location	Lease terms	Use
#11-07/23 Maxwell House 20 Maxwell Road Singapore	Long-term lease	Commercial
#01-08 23 Dalvey Estate Singapore	Freehold	Residential
#03-07 23 Dalvey Estate Singapore	Freehold	Residential
8th Floor Far East Finance Centre 16 Harcourt Road Hong Kong	Long-term lease	Commercial
8th Floor 9 Queen's Road Central Hong Kong	Long-term lease	Commercial
23rd Floor, United Centre 95 Queensway Hong Kong	Long-term lease	Commercial
Unit 1, 11th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office
Unit 5, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office
Unit 6, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2012

Name of property and location	Lease terms	Use
Unit 5, 7th Floor New Treasure Centre 10 Ng Fong Street Hong Kong	Medium-term lease	Industrial/Office
Unit 6, 7th Floor New Treasure Centre 10 Ng Fong Street Hong Kong	Medium-term lease	Industrial/Office
Unit 7, 7th Floor New Treasure Centre 10 Ng Fong Street Hong Kong	Medium-term lease	Industrial/Office
Flat B, 7/F., Ming Kung Mansion Kam Din Terrence 22 Tai Koo Shing Road Hong Kong	Long-term lease	Residential
Rinku Gate Tower Building 1 Rinku-Oraikita Izumisaho, Osaka Japan	Medium-term lease	Commercial and hotel