SiS INTERNATIONAL HOLDINGS LIMITED
新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*continued)*

	Notes	For the six months ended 30 June 2013 *HK cents* (unaudited)	30 June 2012 *HK cents* (unaudited)
EARNINGS PER SHARE	7		
-Basic		**11.2**	15.5
-Diluted		**11.2**	15.5

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
Non-current assets			
Investment properties		**1,181,542**	1,212,458
Property, plant and equipment		**87,222**	23,572
Goodwill		**4,631**	-
Intangible assets		**33,626**	-
Interests in associates		**153,411**	141,239
Interests in a joint venture		**9,456**	9,043
Available-for-sale investments		**81,589**	87,163
Deferred tax assets		**-**	272
		1,551,477	1,473,747
Current assets			
Inventories		**158,327**	76,119
Trade and other receivables, deposits and prepayments	*9*	**242,238**	194,214
Derivative financial instruments		**5,296**	-
Tax recoverable		**144**	136
Investments held-for-trading		**10,349**	10,876
Pledged deposits		**269,256**	341,189
Bank balances and cash		**351,281**	410,009
		1,036,891	1,032,543
Assets classified as held for sale		**-**	2,367
		1,036,891	1,034,910
Current liabilities			
Trade payables, other payables and accruals	*10*	**150,200**	144,157
Bills payable	*11*	**5,317**	5,107
Dividend payable		**22,163**	-
Tax payable		**27,053**	33,860
Bank loans		**261,817**	297,000
		466,550	480,124
Net current assets		**570,341**	554,786
Total assets less current liabilities		**2,121,818**	2,028,533
Non-current liabilities			
Bank loans		**851**	-
Deferred tax liabilities		**4,517**	-
Net assets		**2,116,450**	2,028,533
Capital and reserves			
Share capital		**27,703**	27,703
Share premium		**71,367**	71,367
Reserves		**42,576**	47,631
Retained profits		**1,890,748**	1,881,832
Equity attributable to owners of the Company		**2,032,394**	2,028,533
Non-controlling interests		**84,056**	-
Total equity		**2,116,450**	2,028,533

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impact of the application of HKFRS 10

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

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

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) - Int 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures.

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

HKFRS 13 Fair Value Measurement

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

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

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

Business combinations

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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

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

Goodwill

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

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

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

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

Intangible assets

Internally-generated intangible assets - research and development expenditure

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

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

Intangible assets acquired in a business combination

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

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

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

Financial assets at fair value through profit or loss ("FVTPL")

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

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

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

3. SEGMENT INFORMATION

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

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

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

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

4. OTHER GAINS AND LOSSES

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

5. INCOME TAX (CREDIT) EXPENSE

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

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

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

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

6. PROFIT FOR THE PERIOD

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

7. EARNINGS PER SHARE

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

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

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

8. DIVIDENDS

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

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

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

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

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

11. BILLS PAYABLE

Bills payable are due within 60 days.

12. ACQUISITION OF A SUBSIDIARY

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

Consideration paid

	HK$'000
Cash	**22,104**

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

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

	HK$'000
Non-current assets	
Property, plant and equipment	**62,677**
Intangible assets	**26,714**
Current assets	
Inventories	**3,474**
Trade and other receivables, deposits and prepayments	**79,854**
Bank balances and cash	**4,074**
Current liabilities	
Trade payables, other payables and accruals	**(6,478)**
Tax payable	**(1,214)**
Bank loans	**(21,953)**
Non-current liabilities	
Bank loans	**(1,006)**
Total identifiable net assets	**146,142**

12. ACQUISITION OF A SUBSIDIARY *(continued)*

Non-controlling interest

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

Goodwill arising on acquisition (determined on a provisional basis)

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

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

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

	HK$'000
Carrying amount of previously held ownership	**55,506**
Fair value of previously held ownership interest	**(46,245)**
Loss	**9,261**

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	**22,104**
Less: cash and cash equivalent balances acquired	**(4,074)**
	18,030

Impact of acquisition on the results of the Group

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

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

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

INTERIM DIVIDEND

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

BUSINESS REVIEW

(a) Distribution: Transforming Distribution

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

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

(b) Investment: Growing and Promising IT Business

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

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

(c) Real Estate: Building Income Streams

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

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

PROSPECT

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

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

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

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

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

Gearing ratio, as defined by total bank loans and bills payable to shareholders' funds as at 30 June 2013, was 12.7% compared to 14.9% as at 31 December 2012.

Charges on Group Assets

At the balance sheet date, the Group had bank deposits of HK$269,256,000 (31 December 2012: HK$341,189,000) and investment properties with carrying value of HK$643,000,000 (31 December 2012: HK$643,000,000) were pledged to banks to secure general banking facilities granted to the Group.

Number and Remuneration of Employees, Remuneration Policies, Bonus and Share Option Schemes

The number of staff of the Group as at 30 June 2013 was 275 (30 June 2012: 68) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK$15,063,000 (30 June 2012: HK$10,617,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives and benefits for the employees and therefore increase employees' productivity and contribution to the Group. During the six months period ended 30 June 2013, no share options have been granted, exercised or lapsed. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

FINANCIAL REVIEW AND ANALYSIS *(continued)*

Currency Risk Management

The Group maintains a conservative approach on foreign exchange exposure management by entering into foreign currency forward contracts. There are no significant changes in strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 30 June 2013, the Group had notional amount HK$93,600,000 outstanding forward contracts (31 December 2012: nil).

Contingent Liabilities

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

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 30 June 2013, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 9 of the Group's 2012 annual report under the Corporate Governance section.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.sisinternational.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2013 interim report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 September 2013.

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

Hong Kong, 19 August 2013

As at the date of this announcement, the executive directors are Mr. Lim Kiah Meng, Mr. Lim Kia Hong, Mr. Lim Hwee Hai, and Madam Lim Hwee Noi. The independent non-executive directors are Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael.