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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00529)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors (the "Directors") of SiS International Holdings Limited (the "Company") are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with comparative figures for the corresponding year in 2012 which are set out as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Continuing operations			
Revenue	3	**1,643,902**	2,098,168
Cost of sales		**(1,507,160)**	(1,968,406)
Gross profit		**136,742**	129,762
Other income		**17,355**	7,545
Other gains and losses	4	**(33,728)**	40,881
Distribution costs		**(28,346)**	(22,454)
Administrative expenses		**(68,100)**	(48,965)
Gain from changes in fair value of investment properties		**223,111**	99,458
Share of results of associates		**34,232**	(74,835)
Share of result of joint venture		**(7,661)**	(851)
Finance costs		**(7,371)**	(475)
Profit before taxation		**266,234**	130,066
Income tax expense	5	**(11,146)**	(2,465)
Profit for the year from continuing operations	6	**255,088**	127,601
Discontinued operations			
Gain on disposal of subsidiaries constituting discontinued operations		**-**	31,742
Profit for the year		**255,088**	159,343
Profit for the year attributable to:			
Owners of the Company		**254,368**	159,343
Non-controlling interests		**720**	-
		255,088	159,343

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the year ended 31 December 2013

	Notes	**2013**	2012
EARNINGS PER SHARE	8	***HK Cents***	*HK Cents*
From continuing and discontinued operations			
- Basic		**91.8**	57.5
- Diluted		**91.7**	57.4
From continuing operations			
- Basic		**91.8**	46.1
- Diluted		**91.7**	46.0
From discontinued operations			
- Basic		-	11.4
- Diluted		-	11.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013 ***HK$'000***	2012 *HK$'000*
Profit for the year	**255,088**	159,343
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss		
Gain from changes in fair value of available-for-sale investments	**4,095**	669
Reclassification for cumulative fair value gain attributable to disposal of available-for-sale investments to profit or loss	-	(27,893)
Exchange realignment arising on translation of foreign operations	**(4,197)**	21
Exchange realignment arising on translation of associates and joint venture	**(13,510)**	4,230
Other comprehensive expense for the year	**(13,612)**	(22,973)
Total comprehensive income for the year attributable to:		
Owners of the Company	**238,888**	136,370
Non-controlling interests	**2,588**	-
	241,476	136,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	Notes	31.12.2013 HK$'000	31.12.2012 HK$'000
Non-current assets			
Investment properties		**1,845,752**	1,212,458
Property, plant and equipment		**68,077**	23,572
Goodwill	11	**11,509**	-
Intangible assets		**47,836**	-
Interests in associates		**152,838**	141,239
Interest in joint venture		-	9,043
Available-for-sale investments		**99,214**	87,163
Deferred tax assets		-	272
		2,225,226	1,473,747
Current assets			
Inventories		**131,427**	76,119
Trade and other receivables, deposits and prepayments	9	**173,343**	194,214
Derivative financial instruments		**7,690**	-
Tax recoverable		**71**	136
Investments held-for-trading		**11,097**	10,876
Pledged deposits		**444,035**	341,189
Bank balances and cash		**341,746**	410,009
		1,109,409	1,032,543
Assets classified as held for sale		-	2,367
		1,109,409	1,034,910
Current liabilities			
Trade payables, other payables and accruals	10	**140,126**	144,157
Bills payable		-	5,107
Tax payable		**23,723**	33,860
Bank loans		**447,269**	297,000
Bank overdrafts		**32,590**	-
		643,708	480,124
Net current assets		**465,701**	554,786
Total assets less current liabilities		**2,690,927**	2,028,533
Non-current liabilities			
Bank loans		**209,802**	-
Bonds		**72,815**	-
Deferred tax liabilities		**14,740**	-
Rental deposits		**72,198**	-
		369,555	-
Net assets		**2,321,372**	2,028,533
Capital and reserves			
Share capital		**27,703**	27,703
Share premium		**71,367**	71,367
Reserves		**32,151**	47,631
Retained profits		**2,114,037**	1,881,832
Equity attributable to owners of the Company		**2,245,258**	2,028,533
Non-controlling interests		**76,114**	-
Total equity		**2,321,372**	2,028,533

Notes:

1. GENERAL

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

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

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

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

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

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.

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

Impact of the application of HKFRS 10 (Continued)

During the current year, 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%. The directors of the Company made an assessment as at the date of acquisition of the 14.1% of ownership interest in ITCL (i.e. 7 March 2013) as to whether or not the Group has control over ITCL in accordance with the new definition of control and the related guidance set out in HKFRS 10. After taking into account of the overall equity interest of ITCL owned by the Group and its related parties, the directors of the Company concluded that control over ITCL is achieved upon the acquisition of the 14.1% of ownership interest in ITCL in the current year 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) - Int13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

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

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.

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "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. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the new and revised 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.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[2]
HK(IFRIC) - Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[5] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

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 recognized 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 recognized 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.

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

3. 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 segments for the year from continuing operations:

	For the year ended 31 December 2013		
	Distribution of mobile and IT products	**Property investment**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue			
External sales	**1,505,565**	**138,337**	**1,643,902**
Segment profit	**64,032**	**260,103**	**324,135**
Loss from changes in fair value of investments held-for-trading			**(111)**
Income from investments held-for-trading and available-for-sale investments			**2,464**
Loss on deemed disposal of associates			**(10,130)**
Share of results of associates			**34,232**
Share of result of joint venture			**(7,661)**
Finance costs			**(7,371)**
Other unallocated income			**4,975**
Unallocated corporate expenses			**(74,299)**
Profit before taxation			**266,234**

	For the year ended 31 December 2012		
	Distribution of mobile and IT products	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue			
External sales	2,077,687	20,481	2,098,168
Segment profit	76,108	115,277	191,385
Gain from changes 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 joint venture			(9,043)
Loss on deemed disposal of an associate			(73)
Share of results of associates			(74,835)
Share of result of joint venture			(851)
Finance costs			(475)
Other unallocated income			14,828
Unallocated corporate expenses			(26,480)
Profit before taxation			130,066

Segment profit represents the profit earned by each segment without allocation of central administration costs and corporate expenses, share of results of associates and joint venture, loss on deemed disposal of associates, investment income and finance costs.

4. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
(Loss) gain from changes in fair value of investments held-for-trading	**(111)**	3,961
Exchange (loss) gain, net	**(31,174)**	13,801
Gain from changes in fair value of derivative financial instruments	**7,718**	4,374
Impairment loss on interest in joint venture	**-**	(9,043)
Gain on disposal of available-for-sale investments	**-**	27,893
Loss on disposal of property, plant and equipment	**(31)**	(32)
Loss on deemed disposal of associates	**(10,130)**	(73)
	(33,728)	40,881

5. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**3,338**	5,110
Overseas	**1,934**	3,297
	5,272	8,407
Overprovision in prior years		
Hong Kong	**(215)**	-
Overseas	**(8,995)**	-
	(3,938)	8,407
Deferred taxation	**15,084**	(5,942)
	11,146	2,465

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

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

6. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year from continuing operations has been arrived at after charging:		
Allowance for doubtful debts	**648**	495
Amortisation of intangible assets	**4,332**	-
Cost of inventories recognized as an expense (note)	**1,405,768**	1,963,733
Depreciation of property, plant and equipment	**5,625**	1,586
Interest on bank loans, overdrafts and bonds		
Wholly repayable within 5 years	**6,092**	475
Not wholly repayable within 5 years	**1,279**	-
and after crediting:		
Interest on bank deposits	**4,975**	2,743
Dividend income from investments held-for-trading	**634**	2,443
Dividend income from available-for-sale investments	**1,830**	1,313
Reversal of overprovision for tax related expenses	**7,444**	-

Note:

Cost of inventories includes allowance for inventories of HK$351,000 (2012: HK$3,306,000).

7. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Final dividend, paid 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, paid 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

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 2013 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of both basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$254,368,000 (2012: HK$159,343,000) and the weighted average number of ordinary shares calculated below.

	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**277,033,332**	277,033,332
Effect of dilutive potential ordinary share: Share options issued by the Company	**402,184**	377,752
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**277,435,516**	277,411,084

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$254,368,000 (2012: HK$127,601,000) and nil (2012: HK$31,742,000) respectively and the denominators detailed above.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK$91,203,000 (2012: HK$77,482,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**47,050**	43,792
31 to 90 days	**28,340**	22,004
91 to 120 days	**1,152**	4,051
Over 120 days	**14,661**	7,635
Trade receivables	**91,203**	77,482

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. For sales of electronic devices to banks, sales in Bangladesh are on instalment basis. 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.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK$67,080,000 (2012: HK$35,402,000). The following is an aged analysis of the trade payables based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**63,015**	23,329
31 to 90 days	**3,921**	11,991
91 to 120 days	**144**	7
Over 120 days	**-**	75
Trade payables	**67,080**	35,402

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

11. ACQUISITION OF A SUBSIDIARY

On 7 March 2013, the Group acquired an additional 14.1% ownership interest in ITCL, a then associate of the Group, for a consideration of HK$22,104,000. Upon the completion of acquisition, the Group owned 43.6% ownership interest in ITCL and, in accordance with HKFRS 10, the Group assessed that it has contro1 over ITCL as detailed in note 2, 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 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 statement of profit or loss.

Assets and liabilities recognised at the date of acquisition

	HK$’000
Non-current assets	
Property, plant and equipment	**31,351**
Intangible assets	**48,626**
Current assets	
Inventories	**3,474**
Trade and other receivables, deposits and prepayments (Note)	**58,643**
Bank balances and cash	**18,924**
Current liabilities	
Trade payables,other payables and accruals	**(6,479)**
Tax payable	**(1,214)**
Bank overdrafts	**(22,959)**
Total identifiable net assets	**130,366**

Note: The trade and other receivables acquired with a fair value of HK$25,164,000 had gross contractual amounts of HK$31,524,000. The best estimate at acquisition date of the contractual cash flow not expected to be collected was nil.

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.

11. ACQUISITION OF A SUBSIDIARY *(Continued)*

Goodwill arising on acquisition

	HK$'000
Consideration paid	**22,104**
Add: non-controlling interest	**73,526**
fair value of previously held ownership interest	**46,245**
Less: recognised amount of net identifiable assets acquired	**(130,366)**
Goodwill arising on acquisition	**11,509**

Goodwill arose in the acquisition of ITCL because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of ITCL. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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

	HK$'000
Carrying amount of previously held ownership interest	**55,336**
Fair value of previously held ownership interest	**(46,245)**
Loss	**9,091**

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	**22,104**
Less: cash and cash equivalent balances acquired	**(18,924)**
	3,180

Impact of acquisition on the results of the Group

Included in the revenue and profit for the year are HK$44,400,000 and HK$875,000 respectively attributable to ITCL.

Had ITCL been consolidated from 1 January 2013, the total revenue and profit for the year of the Group would have been HK$1,651,553,000 and HK$254,712,000, 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 year, nor is it intended to be a projection of future results.

FINAL DIVIDEND

To reward loyal shareholders, 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 3 July 2014 and 10 October 2014 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 23 July 2014 and 23 October 2014 respectively.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed from 2 July to 3 July 2014 (both days inclusive) and from 9 October to 10 October 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed Final and Special Dividend for the year ended 31 December 2013, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 22/F., Hopewell Centre, 183 Queen's Road East, Central, Hong Kong, not later than 4:00 p.m. on 30 June 2014 and 8 October 2014 respectively.

BUSINESS REVIEW

Distribution

Year 2013 marked a clear transformation from the PC Era to the Mobile Era. Any transformation poses challenges & opportunities; many well established IT and mobile vendors have fallen into difficult times during this period. On the other hand, opportunities arise and leaders emerge during challenging times. With our experience in both IT & mobile products distribution, The Group is well positioned to explore opportunities in the converged world in the coming years. The Group aims to emerge as the leader in the distribution of the converged IT and Mobility products as we continue to move cautiously ahead to expand our distribution business. With our rich heritage in distribution and robust financial position, The Group will continue to seek and explore distribution opportunities when they present as we continue on our diversification, and transformation of our distribution business.

Amid this challenging backdrop and transformation, revenues from mobile & IT products distribution and distribution management services decreased 28% from HK$2,078 million to HK$1,506 million and the segment profits decreased 16% from HK$76 million to HK$64 million as compared to previous year.

Investment in IT Business

Our associated company, SiS Distribution (Thailand) Public Company Limited forged ahead and turned in a commendable performance for the year ended 31 December 2013 despite experiencing various economic and political challenges in Thailand. The contributed profit was HK$34 million as compared with last period's loss of HK$76 million.

Bangladesh is an emerging country with a vast population. The Group has identified that mobile payment and financial services will grow rapidly as the economy of the country grows. In March 2013, The Group acquired an additional 14.1% interest in Information Technology Consultants Limited ("ITCL"), a then associate of the Group. ITCL is the largest provider of payment switch and gateway in the provision of financial services and mobile banking solutions to banks and telcos in Bangladesh. With this acquisition, the Group now owns 43.6% interest in ITCL. The accounts of ITCL had been consolidated as a subsidiary of the Group. This long term investment and acquisition had begun to contribute directly to the net results of the Group. The Group recorded a deemed disposal loss of an associate of HK$9 million in the year 2013 with the additional acquisition of shares and consolidation of ITCL as subsidiary.

Real Estate Investments Business

Our property investment done well for the year 2013. In December 2012, the Group completed the acquisition of the iconic Sky Scrapper Rinku Gate Tower Building in Osaka, currently ranked the third tallest building in Japan. Riding on the momentum of Japan economic recovery and the associated business potential with Japan hosting Olympics in 2020, the Group acquired additional trust beneficial interests in five hotel properties located in five major cities in Japan at end of October 2013. These properties are Toyoko Inn Naha Asahi-bashi Ekimae, Toyoko Inn Kanazawa Kenrokuen Korinbo, Toyoko Inn Shonan Hiratsuka-eki Kitaguchi No.1, Toyoko Inn Niigata Furumachi and Toyoko Inn Tokushima Ekimae.

One of the Group's transformation strategies is the investment in income generating properties with potential long term appreciation in property value. After the acquisition, the Group's real estate investment portfolio contributed an increase in revenue from HK$20 million to HK$138 million, while the segmental profit increased from HK$115 million to HK$260 million. Total carrying value of the Group's investment properties amounted to HK$1,846 million as at 31 December 2013.

PROSPECT

Successful transformation will take time, resilience, efforts and focus.

Since our founding in 1983, the Group has remained resilient and is constantly evolving, transforming to stay relevant. SiS Group is transforming and scaling new heights. The Group will continue in its journey of transformation for long term success.

The Group is excited about the future and the opportunities ahead. With its strong financial strength, the Group remains focused, with the collective strength of its 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 31 December 2013, the Group had total assets of HK$3,334,635,000 which were financed by total equity of HK$2,321,372,000 and total liabilities of HK$1,013,263,000. The Group had a current ratio of approximately 1.7 compared to that of approximately 2.2 at 31 December 2012.

As at year end 2013 the Group had HK$785,781,000 (2012: HK$751,198,000) bank balances and cash of which HK$444,035,000 (2012: HK$341,189,000) was pledged to banks to secure bank loans. The Group's working capital requirements were mainly financed by internal resources and bank loans. As at 31 December 2013, the Group had short term loans, bank overdrafts and bills payable of total HK$479,859,000 (2012: HK$302,107,000) and long term loans and bonds of HK$282,617,000 (2012: Nil). The borrowings were mainly denominated in Japanese Yen, Hong Kong Dollar and Bangladesh Taka and were charged by banks at floating interest rates.

The Group continued to sustain a good liquidity position. At the end of December 2013, the Group had a net cash surplus (bank balances and cash, including pledged deposits less bank loans, bank overdrafts, bonds and bills payable) of HK$23,305,000 compared to HK$449,091,000 as at 31 December 2012.

Gearing ratio, as defined by total bank loans, overdrafts, bonds and bills payable to total equity as at 31 December 2013 was 33% (2012: 15%).

Charges on Group Assets

At the balance sheet date, the Group's had pledged deposits of HK$444,035,000 (2012: 341,189,000) and investment properties with carrying value of HK$1,293,279,000 (2012: HK$643,000,000) were pledged to secure bank loans 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 2013 was 302 (2012: 62) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK$31,724,000 (2012: HK$24,091,000). 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 2013, 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 2013, the Group had outstanding forward contracts of notional amount HK$78,000,000 (2012: Nil) 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$189,480,000 (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 year ended 31 December 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.

AUDIT COMMITTEES

The Audit Committee comprises all independent non-executive Directors. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2013, including the accounting principles and practices adopted by the Company, in conjunction with the Company's auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.sisinternational.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2013 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2014.

APPRECIATION

We would 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.

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

Hong Kong, 26 March 2014

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