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SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 529)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The directors (the “Directors”) of SiS International Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2011 together with comparative figures for the corresponding year in 2010 which are set out as follow:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000
Continuing operations			
Revenue	3	1,328,274	158,641
Cost of sales		<u>(1,262,186)</u>	<u>(138,420)</u>
Gross profit		66,088	20,221
Other income		3,556	1,771
Other gains and losses	4	(13,061)	12,768
Distribution costs		(9,056)	(2,068)
Administrative expenses		(49,520)	(31,408)
Change in fair value of investment properties		129,550	109,389
Share of results of associates		19,041	38,584
Share of result of a jointly controlled entity		645	4,230
Finance costs		<u>(448)</u>	<u>(594)</u>
Profit before tax		146,795	152,893
Income tax expense	5	<u>(24,100)</u>	<u>(19,993)</u>
Profit for the year from continuing operations		122,695	132,900
Discontinued operations			
Profit for the year from discontinued operations	6	-	114,483
Gain on disposal of subsidiaries constituting discontinued operations		<u>549,885</u>	<u>-</u>
Profit for the year attributable to owners of the Company	7	<u>672,580</u>	<u>247,383</u>

* For identification purposes only

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2011

	Notes	2011	2010
EARNINGS PER SHARE	9	HK cents	HK cents
From continuing and discontinued operations			
- Basic		<u>243.8</u>	<u>91.2</u>
- Diluted		<u>243.0</u>	<u>91.1</u>
From continuing operations			
- Basic		<u>44.5</u>	<u>49.0</u>
- Diluted		<u>44.3</u>	<u>48.9</u>
From discontinued operations			
- Basic		<u>199.3</u>	<u>42.2</u>
- Diluted		<u>198.7</u>	<u>42.2</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK\$'000	HK\$'000
Profit for the year	<u>672,580</u>	<u>247,383</u>
Other comprehensive income (expense):		
Gain on fair value changes of available-for-sale investments	13,161	30,182
Reclassification of the cumulative fair value gain attributable to disposal of available-for-sale investments to profit or loss	(3,941)	-
Reclassification of cumulative exchange difference attributable to disposed subsidiaries to profit or loss	(26,804)	-
Reclassification of the cumulative exchange difference attributable to disposed associate to profit or loss	-	(976)
Exchange realignment arising on translation of foreign operations	(196)	13,793
Exchange realignment arising on translation of associates and a jointly controlled entity	(7,379)	16,203
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>933</u>	<u>-</u>
Other comprehensive (expense) income for the year	<u>(24,226)</u>	<u>59,202</u>
Total comprehensive income for the year attributable to owners of the Company	<u>648,354</u>	<u>306,585</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

		2011	2010
		HK\$'000	HK\$'000
	Notes		
Non-current assets			
Investment properties		835,067	699,924
Property, plant and equipment		21,373	23,890
Interests in associates		216,708	163,206
Interests in a jointly controlled entity		17,887	17,242
Available-for-sale investments		107,767	62,854
		<u>1,198,802</u>	<u>967,116</u>
Current assets			
Inventories		153,257	139,641
Trade and other receivables, deposits and prepayments	10	135,376	90,720
Tax recoverable		5	31
Investments held-for-trading		51,937	45,607
Bank balances and cash		585,398	59,901
		<u>925,973</u>	<u>335,900</u>
Assets classified as held for sale	12	<u>-</u>	<u>1,386,035</u>
		<u>925,973</u>	<u>1,721,935</u>
Current liabilities			
Trade payables, other payables and accruals	11	151,179	116,473
Deposits received for investment properties held for sale		-	705
Derivative financial instruments		5,429	-
Tax payable		31,542	8,357
Bank loans		-	226,176
		<u>188,150</u>	<u>351,711</u>
Liabilities associated with assets classified as held for sale	12	<u>-</u>	<u>1,043,476</u>
		<u>188,150</u>	<u>1,395,187</u>
Net current assets		<u>737,823</u>	<u>326,748</u>
Total assets less current liabilities		<u>1,936,625</u>	<u>1,293,864</u>
Non-current liabilities			
Deferred tax liabilities		<u>56,907</u>	<u>37,331</u>
Net assets		<u>1,879,718</u>	<u>1,256,533</u>
Capital and reserves			
Share capital		27,703	27,235
Share premium		71,367	61,129
Reserves		70,604	97,481
Retained profits		1,710,044	1,070,688
Total equity attributable to owners of the Company		<u>1,879,718</u>	<u>1,256,533</u>

Notes:

1. GENERAL

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

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

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs HKAS 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

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.

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

HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets ¹ Disclosures - Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ³
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁵
HKAS 12 (Amendments)	Deferred Tax - Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2013.

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

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

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

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

Except for HKFRS 9, HKFRS 12 and HKAS 12 (Amendments) as disclosed below, the directors of the Company anticipate that the application of the other new or revised HKFRSs will have no material impact on consolidated financial statements.

The application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's presentation and measurement of available-for-sale investment. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

The amendments to HKAS 12 are effective for the Group's consolidated financial statements for the annual period beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. Should HKAS 12 be early applied to the current year's financial statements and the presumption is not rebutted, deferred tax liabilities at 1 January 2010, 31 December 2010 and 31 December 2011 would have been reduced by HK\$13,137,000, HK\$28,489,000 and HK\$51,230,000 respectively and deferred tax expense recognised in the profit or loss for the years ended 31 December 2010 and 2011 would have been reduced by HK\$15,352,000 and HK\$22,741,000 and the profit would have been increased by the same amount respectively.

3. SEGMENTAL INFORMATION

During the year, the Group's chief operating decision makers, who are the executive directors, have changed the basis of organisation of the Group and the information used by them for resource allocation and performance assessment purposes by focusing on the distribution of certain brands of mobile and IT products and property investment. In prior years, the basis and decision making were focused on geographical location, i.e. Hong Kong, Singapore and Malaysia for distribution of other brands of mobile and IT products. In addition, segment liabilities are no longer reportable to the chief operating decision maker. As the Group's operating segments information reported to the chief operating decision makers has been changed, the comparative information is reclassified to conform with the current year's presentation.

3. SEGMENTAL INFORMATION *(continued)*

Segment revenue and results

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

	For the year ended 31 December 2011		
	Distribution of mobile and IT products	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue			
External sales	1,312,566	15,708	1,328,274
Segment profit	25,915	143,013	168,928
Change in fair value of investment 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)
Other unallocated income			2,247
Share of result of associates			19,041
Share of result of a jointly controlled entity			645
Finance costs			(448)
Unallocated corporate expenses			(50,261)
Profit before tax			146,795
	For the year ended 31 December 2010		
	Distribution of mobile and IT products	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue			
External sales	149,836	8,805	158,641
Segment profit	9,369	121,196	130,565
Change in fair value of investment held-for-trading			3,007
Income from investments held-for-trading and available-for-sale investments			3,480
Impairment loss on available-for-sale investments			(6,903)
Gain on disposal of an associate			2,675
Loss on deemed disposal of an associate			(212)
Other unallocated income			6,397
Share of result of associates			38,584
Share of result of a jointly controlled entity			4,230
Finance costs			(594)
Unallocated corporate expenses			(28,336)
Profit before tax			152,893

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

4. OTHER GAINS AND LOSSES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Change in fair value of investments held-for-trading	3,330	3,007
Dividend income from investments held-for-trading	4,061	3,026
Dividend income from available-for-sale investments	5,740	454
Exchange (loss) gain, net	(14,541)	5,721
Loss on fair value of derivative financial instruments	(5,429)	-
Impairment loss on unlisted available-for-sale investments	(10,395)	(6,903)
Gain on disposal of listed available-for-sale investments	3,941	-
Gain on disposal of an associate	-	2,675
Gain on disposal on investment properties	-	5,000
Gain on disposal of property, plant and equipment	266	-
Loss on deemed disposal of an associate	(34)	(212)
	<u>(13,061)</u>	<u>12,768</u>

5. INCOME TAX EXPENSE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current tax		
Hong Kong	1,446	186
Singapore	2,452	1,678
	<u>3,898</u>	<u>1,864</u>
Deferred taxation	20,202	18,129
	<u>24,100</u>	<u>19,993</u>

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

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

6. DISCONTINUED OPERATIONS

On 26 November 2010, the Group entered into an agreement for the disposal of its entire interests in the Disposal Group ("Agreement"). The total consideration was about US\$123,593,000 (equivalent to HK\$964,025,000) of which US\$70,000,000 (equivalent to HK\$546,000,000) was received as deposit 3 January 2011 on which the Group ceased control over the Disposal Group, and the balance payment of US\$53,593,000 (equivalent to HK\$418,025,000) equivalent to the net asset value of the Disposal Group ("Net Asset Value Payment"), as defined in the Agreement was received on 27 June 2011. The Net Asset Value Payment is subject to adjustment on the value of certain assets and liabilities, if their realisable values are different from the carrying amounts at the date of completion, within a two years period.

6. DISCONTINUED OPERATIONS (continued)

The following is an analysis of assets and liabilities of the Disposal Group over which control was lost:

	<i>HK\$'000</i>
Property, plant and equipment	4,450
Deferred tax assets	358
Inventories	390,629
Trade and other receivables, deposit and prepayments	819,409
Tax recoverable	459
Amounts due from the Group entities	77,608
Pledged bank deposit	22,963
Bank deposits and cash	140,717
Trade payables, other payables and accruals	(706,992)
Bills payable	(134,157)
Derivative financial instruments	(641)
Tax payable	(11,287)
Bank loans	(181,552)
Deferred tax liabilities	(8,824)
	<hr/>
Net assets of Disposal Group disposed of	413,140

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

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

	<i>HK\$'000</i>
Consideration received	964,025
Bank balances and cash disposed of	(140,717)
	<hr/>
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 is included in arriving at the gain on disposal of the Disposal Group. Based on the directors' best estimation, they are of the opinion that the potential liabilities, provision and allowances are adequately made in arriving at the net assets of the Disposal Group at the date of disposal.

6. DISCONTINUED OPERATIONS *(continued)*

The results of the Disposal Group for the current and prior years were as follows:

	1.1.2011 to 3.1.2011 HK\$'000	1.1.2010 to 31.12.2010 HK\$'000
Revenue	-	5,170,603
Cost of sales	-	(4,926,271)
Other gains and losses	-	39,050
Distribution costs	-	(84,036)
Administrative expenses	-	(58,266)
Finance costs	-	(2,887)
	<hr/>	<hr/>
Profit before tax	-	138,193
Income tax expense	-	(23,710)
	<hr/>	<hr/>
Profit for the year	<u>-</u>	<u>114,483</u>

7. PROFIT FOR THE YEAR

	2011 HK\$'000	2010 HK\$'000
Profit for the year from continuing operations has been arrived at after charging:		
Cost of inventories recognised as an expense (note 1)	1,259,808	131,353
Staff costs (note 2)	41,276	19,842
Auditor's remuneration	1,505	1,133
Allowance for doubtful debts provided	33	-
Depreciation of property, plant and equipment	610	440
Operating lease rentals in respect of rented premises	938	-
Share of tax of associates (included in share of results of associates)	14,163	10,958
and after crediting:		
Dividend income from investments held-for-trading	4,061	3,026
Gross rental income from investment properties	15,708	8,805
Less: Direct operating expenses	(2,136)	(1,817)
Net rental income	<u>13,572</u>	<u>6,988</u>

Notes:

- (1) Cost of inventories includes allowance for inventories of HK\$633,000 (2010: Nil).
- (2) Staff costs include emoluments to directors. Included in staff costs are retirement benefit schemes contributions and share-based payments for directors and other staff of HK\$776,000 (2010: HK\$415,000) and HK\$Nil (2010: HK\$125,000) respectively.

8. DIVIDENDS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2010 of 8.0 HK cents per share (2010: 8.0 HK cents per share in respect of the year ended 31 December 2009)	22,149	21,681
Special dividend, paid in respect of the year ended 31 December 2010 of 4.0 HK cents per share	11,075	-
	33,224	21,681

A final dividend of 5.0 HK cents per share and a special dividend of 9.0 HK cents per share for the year ended 31 December 2011 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting. The final dividend of 8.0 HK cents per share together with a special dividend of 4.0 HK cents per share for the year ended 31 December 2010 was approved during the last annual general meeting and had been recognized as distribution during the year.

9. EARNINGS PER SHARE

The calculation of both basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK\$672,580,000 (2010: HK\$247,383,000) and the weighted average number of ordinary shares calculated below.

	2011	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	275,844,153	271,066,889
Effect of dilutive potential ordinary share: Share options issued by the Company	959,560	500,318
Weighted average number of ordinary shares for the purpose of diluted earnings per share	276,803,713	271,567,207

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\$122,695,000 (2010: HK\$132,900,000) and HK\$549,885,000 (2010: HK\$114,483,000) respectively and the denominators detailed above.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$96,601,000 (2010: HK\$871,126,000). The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period. The analysis for those at 31 December 2010 includes those of the Disposal Group classified as held for sale.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
With 30 days	68,677	486,257
31 to 90 days	15,448	333,390
91 to 120 days	8,676	36,827
Over 120 days	3,800	14,652
	<hr/>	<hr/>
Trade receivables	96,601	871,126
	<hr/> <hr/>	<hr/> <hr/>

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 days to its trade customers. No credit period is granted to customers for renting of properties. Rental is payable on presentation of demand note in advance. No interest is charged on overdue debts.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$103,991,000 (2010: HK\$660,081,000). The following is an aged analysis of the trade payables based on the invoice date at the end of the reporting period. The analysis for those at 31 December 2010 includes those of the Disposal Group which are included in liabilities associated with assets classified as held for sale.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
With 30 days	97,089	512,527
31 to 90 days	6,529	139,914
91 to 120 days	373	2,612
Over 120 days	-	5,028
	<hr/>	<hr/>
Trade payables	103,991	660,081
	<hr/> <hr/>	<hr/> <hr/>

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

12. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES

	Assets		Liabilities	
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Disposal Group (note a)	-	1,378,985	-	1,043,453
Investment properties (note b)	-	7,050	-	23
	-	1,386,035	-	1,043,476

Notes:

(a) Disposal of subsidiaries

The assets of HK\$1,378,985 and liabilities of HK\$1,043,453 at 31 December 2010 attributable to the Disposal Group, which are presented separately in the consolidated statement of financial position at 31 December 2010 as assets held for sale and liabilities associated with assets held for sale. Details of the disposal are disclosed in note 6.

(b) Disposal of investment properties

On 28 October 2010, a subsidiary of the Company entered into a provisional sale and purchase agreement with a non-related party for the disposal of a property in Hong Kong, at a consideration of HK\$7,050,000 of which deposit of HK\$705,000 was received before the end of the preceding reporting period. The transaction was completed on 11 January 2011. The fair value of the investment properties stated in the statement of financial position at 31 December 2010 was arrived at by reference to the consideration received on disposal and the liabilities associated with the investment properties at the same date, representing rental deposits of HK\$23,000, were assigned to the purchaser on completion.

FINAL DIVIDEND

In respect of the year ended 31 December 2011, the directors recommend a final dividend of 5.0 HK cents per share payable to shareholders on the register of members on 8 June 2012 and a special dividend of 9.0 HK cents per share payable to shareholders on the register of members on 5 October 2012. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final and special dividend will be payable in cash on 6 July 2012 and 12 October 2012 respectively.

CLOSE OF REGISTER OF MEMBERS

The register of members will be closed from 6 June to 8 June 2012 (both days inclusive) and from 4 October to 5 October 2012 (both days inclusive), during which periods no transfer of shares will be effected. In order to qualify for the proposed final and special dividend for the year ended 31 December 2011, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 5 June 2012 and 3 October 2012 respectively.

BUSINESS REVIEW

SiS is pleased to report exceptional results & record profitability with the successful completion of divestment of certain IT distribution business during the year ended 31 December 2011. Net profit attributable to shareholders increased 172% to HK\$673 million as compared to HK\$247 million for the same period last year. Group sales revenue for the same period increased 735% to HK\$1,328 million from HK\$159 million. A final dividend of 5.0 HK cents per share plus a special dividend of 9.0 HK cents per share have been proposed.

(1) Mobile & IT Products Distribution Business

2011 is a new year as the Group began to Diversify, Transform and Expand its distribution business from IT distribution to that of distribution of fast growing smart phones and mobility products. The Group's goal is to emerge a leading distributor for smart phones and mobility products in the region.

The Group is pleased to report that revenue from the distribution of mobile products began to contribute significantly to the Group as compared to last year. Distribution of mobile products and distribution management services revenues increased 775% from HK\$150 million to HK\$1,313 million while the profits increased 177% to HK\$26 million for the same period last year.

During the 2nd half of the year, the Group completed the acquisition of businesses of Synergy Technologies (Asia) Limited in Hong Kong, a leading mobile products and solutions distribution company in Hong Kong to further increase its market share and expand its mobile phone and mobility products distribution business in Hong Kong.

Building and leveraging on its experience, knowledge in distribution and strong regional network, the Group began to invest and expand its market reach and tapping on the new opportunities in the emerging countries by forging strategic business partnerships to gain entry and build foundations for mobile and IT distribution into the new markets.

(2) Investment in IT Business

The Group's investment in the associated company, SiS Distribution (Thailand) Public Company Limited and its subsidiaries contributed HK\$19 million to the Group's net profit. The Group's investment in IT Business in Thailand's contribution was lower as compared to the same period last year owing to the massive flooding in Thailand.

Bangladesh is an emerging country with a population of approximately 150 million which offers vast opportunities. The Group made a strategic investment and acquired a 23.9% interest in a Bangladesh incorporated company, IT Consultants Limited ("ITCL") in mid December 2011. ITCL is a leading consultant and provider of financial services and mobile banking solutions in the rapidly evolving area of electronic payments, e-commerce and internet banking in Bangladesh. ITCL operates Qcash Xchange Switch – the leading independent ATM network provider and third party certified processor to major credit cards in Bangladesh. It also provides banks and retailers an advanced switching platform for transactions processing. It has been successful in generating revenue and is continuously increasing its presence in the market. Following the completion of subscription, ITCL became an associated company of the Group from mid December 2011 and is expected to contribute to the results of the Group from 2012 onwards.

(3) Real Estate Investments Business

The Group's properties business delivered creditable results amidst global economic uncertainties. The Group recorded a fair valuation gain of HK\$130 million for its real estate investment business. Total fair value of the Group's investment properties amounted to HK\$835 million as at 31 December 2011.

PROSPECT

Technology and innovation continue to Evolve, Change and Transform consumer and businesses; offering significant opportunities for growth. The fast changing economical and political landscape and the adoption of technology in the emerging countries offer also vast opportunities for growth. With our strong cash position, the Group is well positioned to seize opportunities when they arise. The Directors are cautiously moving ahead with confidence. The Group will continue to diversify and expand its mobile and IT distribution business and to make selective investments when the right opportunities arise to enhance its shareholders value

For more than 28 years, SiS has withstood the test of time, competition, economic uncertainties. The Group has built a solid company and become a leader in the distribution of mobile and IT products in the region and the Group continues to grow from strength to strength.... The strength of its brand, its people, the strength of its resellers network, world class vendors that the Group represents, the diversified portfolio of investments, a strong foundation and a solid balance sheet.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2011, the Group had total assets of HK\$2,124,775,000 which were financed by shareholders' funds of HK\$1,879,718,000 and total liabilities of HK\$245,057,000. The Group had a current ratio of approximately 4.9 compared to that of approximately 1.2 at 31 December 2010.

As at year end 2011 the Group had HK\$585,398,000 bank balances and cash. The Group's working capital requirements were mainly financed by internal resources. The Group had no borrowings at 31 December 2011.

The Group continued to sustain a good liquidity position. At the end of December 2011, the Group had a net cash surplus of HK\$585,398,000 compared to cash deficit of HK\$318,304,000 (inclusive of Disposal Group) as at 31 December 2010. High cash level as at 31 December 2011 is arisen from receipt of consideration on the disposal of subsidiaries during the year 2011.

As mentioned above, the Group has no borrowing as at 31 December 2011. As at end of last year, including the Disposal Group's financial position, gearing ratio, as defined by total bank loans, bills payable and bank overdrafts to shareholders' funds as at 31 December 2010, was 43%.

Charges on Group Assets

At the balance sheet date, the Group's investment properties with carrying value of HK\$560,000,000 (2010: HK\$456,000,000) were pledged 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 31 December 2011 was 50 (2010: 330 including 312 from the disposed group) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$17,998,000 (2010: HK\$96,216,000 including the disposed group of HK\$92,553,000). 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 2011, a total 4,683,337 share options have been exercised and the weighted average share price at the date of exercise of the share options during the year was HK\$3.25. 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 2011, the Group had outstanding forward contracts of notional amount HK\$117,000,000 (31 December 2010: 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\$118,500,000 (31 December 2010: HK\$13,496,000).

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 2011, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 11 of the Group's 2010 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 2011, 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 2011.

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 2011 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 2012.

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

Hong Kong, 28 March 2012

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.