SiS International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 529)

ANNUAL REPORT

2011

THE COMPANY

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

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

SiS Investments – SiS invests in promising businesses & IT companies which have synergies or where the investments, experience and management involvement can play a part in growing these companies. Over the years, many of the SiS investments have successfully become public listed companies including SiS Distribution (Thailand) Public Company Limited which is listed on The Thailand Stock Exchange.

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

Lee Hiok Chuan
Ong Wui Leng
Ma Shiu Sun, Michael

SECRETARY

Chiu Lai Chun, Rhoda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

301, Eastern Harbour Centre
28 Hoi Chak Street
Quarry Bay
Hong Kong
Telephone: 2565 1682
Fax: 2562 7428

STOCK CODE

529

INVESTOR RELATIONS

www.sisinternational.com.hk

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

SOLICITORS

Norton Rose

PRINCIPAL BANKERS

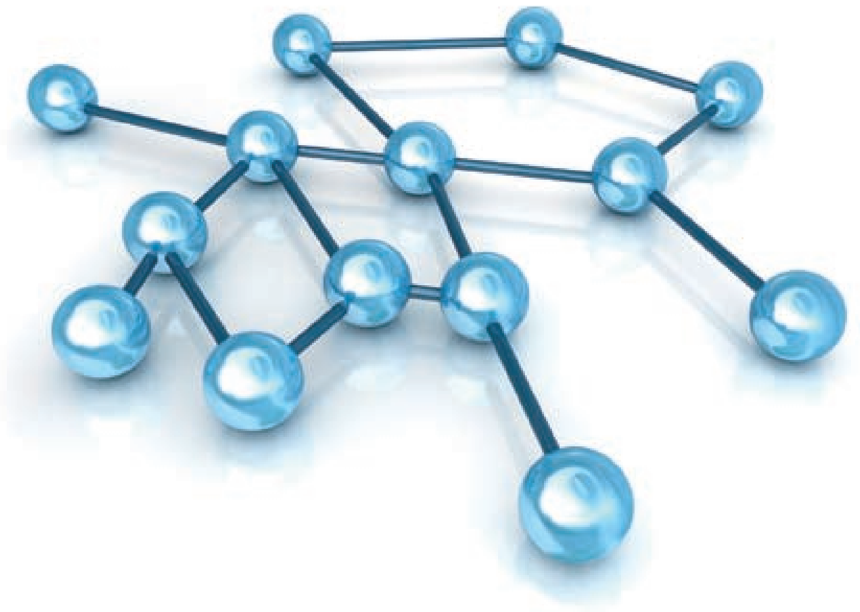
Bank of China
DBS Bank
Hang Seng Bank
Hong Leong Bank Berhad
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
OCBC Bank

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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



YOUR PREFERRED DISTRIBUTOR

OUR CHALLENGE

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

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

OUR VISION

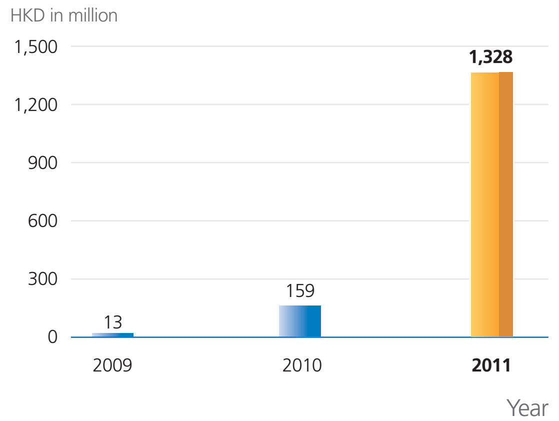
Every challenge need a vision. The personal computer industry was created by people who had a vision and turned it into a challenge. From Steve Jobs, the founder of Apple Computers, who took on the challenge of the mainframe with PCs to Bill Gates, the founder of Microsoft, who envisions the day when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

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

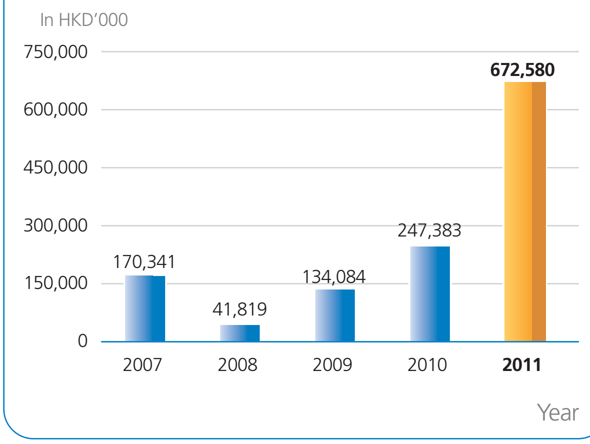
Our objective is to become a leader in the distribution of mobile and IT products by bringing the best returns on the investments for our shareholders; achieving maximum market share for our principals; giving the best value for our customers' investments; and the best company for our staff.

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

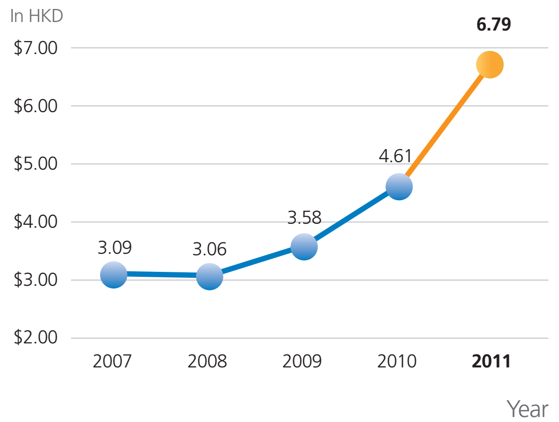
Revenue From Continuing Operations



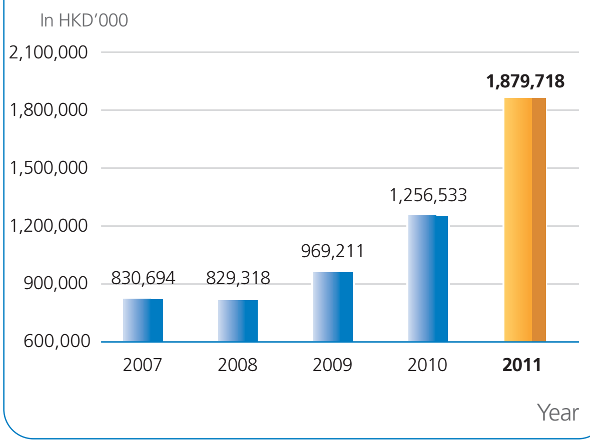
Net Profit Attributable To Owners Of The Company



Net Asset Value Per Share



Shareholders' Equity



Dear Shareholders,

I am very pleased to present to our shareholders exceptional results for the Group with the divestment of certain IT distribution business for the year ended 31 December 2011. Net profit for the Group increased 171% to HK$672,580,000 as compared to previous year HK$247,383,000. The Group revenue from continuing operations increased 735% to HK$1,328 million from HK$159 million. Net assets value increased to HK$1,880 million (HK$6.8 per share), representing a 50% growth from year 2010.

FINANCIAL RESULTS HIGHLIGHTS:

Revenue from continuing operations:	up 735% to HK$1,328 million
Net profit attributable to owner:	up 171% to HK$673 million
Basic earnings per share:	up 167% from 91.2 HK cents to 243.8 HK cents
Returned on capital employed:	up from 20% to 36%
Net assets value per share:	HK$6.8

BUSINESS REVIEW

(1) Mobile & IT Products Distribution Business

The Group entered the fiscal year 2011 with the successful divestment of three wholly owned subsidiaries engaged in the IT distribution business in the mature market of Hong Kong, Singapore and Malaysia. The divestment resulted in a net profit of HK$550 million from the gain of disposal.

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

I am 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 our market share and expand our mobile phone and mobility products distribution business in Hong Kong.

Building and leveraging on our experience, knowledge in distribution and strong regional network, the Group began to invest to expand our market reach and taping 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

Our 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 our shareholders value.

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

FINAL DIVIDEND

In respect of the year 2011, to reward loyal shareholders, I am happy to announce that the Directors recommend a final dividend of 5 HK cents per share payable to shareholders on the register of member on 8 June 2012 and a special dividend of 9 HK cents per share payable to shareholders on the register of member 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.

APPRECIATION

Our success would not have been possible without the dedication of our committed staff for their contributions, our customers, business partners and shareholders for their support and confidence in SiS.

We are excited about the future and the opportunities. As we continue our journey of success, we remain **Focused** on maximizing shareholders value with **Determination** to succeed, commitment to outstanding **Execution** & business **Excellence**.

On behalf of the Board

LIM Kia Hong
Chairman & Chief Executive Officer

Hong Kong, 28 March 2012

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 closing share price immediate before the dates of exercise of the share options during the year was HK$3.21. 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).

CODE ON CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

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

The Board currently comprised of four Executive Directors, namely Messrs. Lim Kiah Meng, Lim Kia Hong (Chairman and Chief Executive Officer), Lim Hwee Hai, and Madam Lim Hwee Noi, and three Independent Non-Executive Directors (the "INED"), namely, Mr. Lee Hiok Chuan, Ms. Ong Wui Leng and Mr. Ma Shiu Sun, Michael (appointed on 2 February 2012 to fill the vacancy since 4 November 2011). Messrs. Lim Kiah Meng and Lim Kia Hong, and Madam Lim Hwee Noi are brother and sister. Mr. Lim Hwee Hai is spouse of Madam Lim Hwee Noi. Biographical details of each Director are set out on page 14 of the annual report.

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

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

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

The positions of the Chairman and Chief Executive Officer are held by the same individual, Mr. Lim Kia Hong, who is responsible to manage business operations of the Group and oversee the function of the Board. Mr. Lim Kiah Meng as the vice-chairman, is responsible to ensure the Board works effectively. According to the Bye-Laws of the Company, the position of chairman and vice-chairman shall be elected after next Annual General Meeting to be held on 30 May 2012. The deviation from the Code A.2.1 is considered acceptable.

The nomination, appointment and removal of Directors are considered by the Board. All Directors shall made recommendation to the Board whenever they consider appropriate. During the year 2011, the Board considered that the experience, expertise, leadership and qualification of the existing Directors are sufficient to maintain corporation governance of the Company and manage the operations of the Group.

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

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

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

AUDIT COMMITTEE

The Audit Committee is comprised of all INED. Following the resignation of Mr. Woon Wee Teng on 4 November 2011, Ms. Ong Wui Leng was appointed as the Chairman with effect from 7 December 2011.

The main duties of the Audit Committee include:

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

The Audit Committee has met four times during the year ended 31 December 2011 and has reviewed the managements accounts, half-year, and annual financial results of the Group and its subsidiaries. Certain recommendations have been made to the internal control of the Company and its subsidiaries. Audit Committee had met the external auditors without the present of Executive Directors on reviewing the half year and annual financial results.

NOMINATION COMMITTEE

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

The duties of the Nomination Committee shall be:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of independent non-executive directors; and
- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

REMUNERATION COMMITTEE

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

The Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management, and reviewing and approving the compensation payable to Executive Directors and senior management. A meeting was held during the year ended 31 December 2011, and the members had reviewed the remuneration policy and determined remuneration of Directors.

DIRECTORS' SECURITIES TRANSACTION

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

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' REMUNERATION

During the year ended 31 December 2011, the Group had engaged external auditors to provide the following services.

	Service fee
	HK$'000
Audit services	1,230
Tax advisory	11
Other services	287
	1,528

ATTENDANCE OF MEETINGS

The following table shows the attendance of each Director at meetings of the Board and the above committee during the year 2011:

	Board	**Audit Committee**	**Remuneration Committee**
Number of meetings during the year	(4)	(4)	(1)
Executive Directors			
Lim Kiah Meng	4	N/A	1
Lim Kia Hong	4	N/A	1
Lim Hwee Hai	4	N/A	N/A
Lim Hwee Noi	4	N/A	N/A
Independent Non-Executive Directors			
Lee Hiok Chuan	4	4	1
Woon Wee Teng *(resigned on 4 November 2011)*	3	3	1
Ong Wui Leng	4	4	1

INTERNAL CONTROLS

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

The management of the Group would evaluate the internal control system periodically and enhance the system when necessary. The Company established its internal audit functions during the year ended 31 December 2011. The internal auditors reviewed the internal controls system on an ongoing basis covering all major operations of the Group on a rotational basis, and reported directly to the Audit Committee and Board on a regular basis.

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

The shareholders' meeting in 2011 was the annual general meeting held on 30 May 2011 at Kellett Room IV, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong to receive and consider the audited financial statements for the year ended 31 December 2010; to re-elect directors; and approve the general mandates for the issue and repurchase of the Company's share.

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

LIM Kiah Meng, aged 59, brother of Mr. Lim Kia Hong and Madam Lim Hwee Noi, joined the Group in 1986. He has over twenty years' experience in the I.T. industry, and is responsible for the Group's operations in Hong Kong, Singapore and the PRC. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in International Management from the American Graduate School of International Management, US. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2011.

LIM Kia Hong, aged 55, brother of Mr. Lim Kiah Meng and Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim graduated from University of Washington, US with a Bachelor's Degree in Business Administration and has thirty years' experience in the I.T. industry. He is responsible for the corporate planning, development and public relation of the Group. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2011.

LIM Hwee Hai, aged 62, the spouse of Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in Business Administration from the National University of Singapore. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He has over twenty years' experience in the I.T. industry and is responsible for the Group's operations in Malaysia and Thailand. He is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2011.

LIM Hwee Noi, aged 61, the sister of Mr. Lim Kiah Meng and Mr. Lim Kia Hong and spouse of Mr. Lim Hwee Hai, joined the Group in 1983 and is the Finance Director of the Group. Madam Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore. She has been a certified public accountant in Singapore for more than thirty years. She is also a director of Gold Sceptre Limited which holds 51% shareholdings in the Company as at 31 December 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LEE Hiok Chuan, aged 77, joined the Group in 1992 and is an investment consultant in Hong Kong. Mr. Lee has more than forty years' experience in finance and banking in Hong Kong.

ONG Wui Leng, aged 51, joined the Group in 2004 and has more than ten years of experience in corporate banking and another eighteen years of experience in corporate finance and management.

MA Shiu Sun, Michael, aged 43, joined the Group in 2012 and holds a Bachelor of Science (Economics) from London School of Economics, University of London, a Bachelor of Laws from University of Sydney and a Postgraduate Certificate of Laws (P.C.LL) from University of Hong Kong. Mr. Ma has been a practicing lawyer for not less than 10 years and is practicing as a partner in a Hong Kong law firm in the areas of commercial and corporate matters.

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment trading and investment holding company and provides corporate management services. The principal activities of its subsidiaries, associates and a jointly controlled entity are set out in notes 38, 18 and 19 respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 27.

The directors now recommend the payment of final and special dividend of 5 HK cents and 9 HK cents per share respectively to the shareholders on the register of members on 8 June 2012 and 5 October 2012 respectively, amounting to totally HK$38,785,000. The distributable reserves of the Company available for distribution after the proposed dividend becomes HK$1,236,531,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on page 98. The summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$NIL and HK$3,081,000 on acquisition of investment properties and property, plant and equipment respectively.

The Group has revalued all its investment properties at the year end date. The increase in fair value amounted to HK$129,550,000, which had been credited to the consolidated income statement directly.

Particulars of investment properties of the Group at 31 December 2011 are set out on pages 99 and 100.

Details of the movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 16 and 17 respectively to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2011 were as follows:

	2011	2010
	HK$'000	*HK$'000*
Contributed surplus	**29,186**	29,186
Investment reserve	**4,909**	–
Retained profits	**1,241,221**	393,959
	1,275,316	423,145

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

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

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

DIRECTORS

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

Executive directors:
Mr. Lim Kiah Meng
Mr. Lim Kia Hong
Mr. Lim Hwee Hai
Madam Lim Hwee Noi

Independent non-executive directors:
Mr. Lee Hiok Chuan
Ms. Ong Wui Leng
Mr. Ma Shiu Sun, Michael *(appointed on 2 February 2012)*
Mr. Woon Wee Teng *(resigned on 4 November 2011)*

In accordance with the provisions of the Company's Bye-Laws, Mr. Lim Kiah Meng, Mr. Lee Hiok Chuan and Mr. Ma Shiu Sun, Michael retire from office and, being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES

At 31 December 2011, the interests of the directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

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

Name of Director	Personal interests	Family interests	Joint interests *(Note 1)*	Corporate interests *(Note 2)*	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kiah Meng *(Note 4)*	5,403,200	650,000	534,000	178,640,000	185,227,200	66.87%
Lim Kia Hong *(Note 4)*	5,771,108	608,000	–	178,640,000	185,019,108	66.79%
Lim Hwee Hai *(Note 3)*	3,331,200	3,579,158	–	–	6,910,358	2.49%
Lim Hwee Noi *(Note 3, 4)*	3,579,158	3,331,200	–	–	6,910,358	2.49%
Lee Hiok Chuan	83,333	–	–	–	83,333	0.03%
Ong Wui Leng	83,333	–	–	–	83,333	0.03%

Notes:

(1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.

(2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

(3) 3,331,200 shares and 3,579,158 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.

(4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 608,000 shares on behalf of six beneficiaries aged below 18. Out of these 608,000 shares, 400,000 shares and 208,000 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interests of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

(ii) Share Options

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

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

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

Name of Director	Personal Interests	Corporate interests *(Note 1)*	Total number of issued ordinary shares held in SiS Thailand	Approximate % of issued share capital of SiS Thailand
Lim Kia Hong	112,500	99,750,000	99,862,500	47.29%
Lim Hwee Hai	131,250	–	131,250	0.06%

(b) Share warrants granted by SiS Thailand (Note 2)

Name of Director	Capacity	Outstanding number of share warrants of SiS Thailand at 31 December 2011
Lim Kia Hong	Personal	37,500
Lim Hwee Hai	Personal	18,750

Notes:

(1) The Company indirectly holds 99,750,000 ordinary shares of the issued capital of SiS Thailand. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 66.79% in the Company, therefore Mr. Lim has deemed corporate interest in SiS Thailand under the SFO.

(2) At the annual general meeting of SiS Thailand held on 2 April 2010, its shareholders approved the issue of warrants to the directors. Each warrant is entitled to buy one common share of SiS Thailand at the book value per share from the last financial statement of SiS Thailand before the date of exercise but not lower than Baht 4.92. The warrants can be exercised every six months from the first exercise date which is 1 June 2010 until the last exercise date which is 3 December 2012. The exercise date will be the first business day of June and December of each year.

Other than as disclosed above, none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations at 31 December 2011.

SHARE OPTIONS

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

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

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

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

Date of grant	Vesting period	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2011	Exercised during the year	Outstanding at 31.12.2011
Directors and their associates:						
Lim Kiah Meng and spouse						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	350,000	(350,000)	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	350,001	(350,001)	–
Lim Kia Hong and spouse						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	350,000	(350,000)	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	350,001	(350,001)	–
Lim Hwee Hai						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	266,667	(266,667)	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	266,667	(266,667)	–
Lim Hwee Noi						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	266,667	(266,667)	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	266,667	(266,667)	–
Lee Hiok Chuan						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	–	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	–	83,334
Woon Wee Teng *(Resigned on 4.11.2011)*						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	(83,333)	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	(83,334)	–
Ong Wui Leng						
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	–	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	–	83,334
Total directors and their associates				2,966,671	(2,633,337)	333,334

Date of grant	Vesting period	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2011	Exercised during the year	Outstanding at 31.12.2011
Employees and other qualified persons:						
20.8.2007	21.8.2007 – 18.2.2008	18.2.2008 – 20.5.2017	1.72	749,997	(616,665)	133,332
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	950,001	(716,667)	233,334
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	950,002	(716,668)	233,334
Total employees and other qualified persons				2,650,000	(2,050,000)	600,000
Total number of share options				5,616,671	(4,683,337)	933,334

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

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK$3.21.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

The following transactions were entered into by the Group during the year ended 31 December 2011:

	Notes	*HK$'000*
Operating lease rentals paid to:		
Ever Rich Technology Limited ("Ever Rich")	*(a)*	549
SiS Realty Pte. Limited ("SiS Realty")	*(b)*	179

Notes:

(a) Mr. Lim Kiah Meng and his spouse own 50%, and Mr. Lim Kia Hong owns 30% of the issued share capital of Ever Rich at 31 December 2011.

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

During the year two of the Company's indirectly wholly-owned subsidiaries, SiS HK Limited and Qool Labs Pte. Ltd. have entered into one and two years tenancy agreements with Ever Rich and SiS Realty for leases of offices and/or warehouse space in Hong Kong and Singapore respectively.

In the year 2011, the rental paid to Ever Rich and SiS Realty amounted to HK$549,000 and HK$179,000 respectively, which is included in above. The transactions are regarded as De minimis transactions pursuant to Chapter 14A.33 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and exempt from announcement.

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

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, other than the interests disclosed above in respect of Directors and chief executives, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows and the following shareholders had notified the Company of relevant interests and long positions in the issued share capital of the Company.

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

Name of Shareholder	Personal interests	Family interests	Corporate interests *(Note 1)*	Other interests *(Note 2)*	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Yeo Seng Chong	600,000	1,150,000	11,942,000	–	13,692,000	4.94%
Lim Mee Hwa	1,150,000	600,000	11,942,000	–	13,692,000	4.94%
Yeoman Capital Management Pte. Ltd.	–	–	300,000	13,442,000	13,742,000	4.96%

Notes:

(1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 47.5% direct interest in Yeoman Capital Management Pte. Ltd.

(2) Yeoman Capital Management Pte. Ltd. holds the shares of the Company as an investment manager.

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was approximimtely 50% by value of the Group's total goods sales during the year, with the largest customer accounted for 26%. The five largest suppliers of the Group comprised approximately 87% by value of the Group's total purchases during the year, with the largest supplier accounted for 35%.

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

EMOLUMENT POLICY

The Company has established the Remuneration Committee in September 2005.

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 34 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to HK$1,000.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in the Corporate Governance Report of the Company.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2011.

AUDITORS

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

On behalf of the Board

LIM Kiah Meng
DIRECTOR

Hong Kong, 28 March 2012

Deloitte.
德勤

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

We have audited the consolidated financial statements of SiS International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 97, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2012

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 HK$'000	2010 HK$'000
Continuing operations			
Revenue	5	**1,328,274**	158,641
Cost of sales		**(1,262,186)**	(138,420)
Gross profit		**66,088**	20,221
Other income	6	**3,556**	1,771
Other gains and losses	7	**(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	8	**(448)**	(594)
Profit before tax		**146,795**	152,893
Income tax expense	9	**(24,100)**	(19,993)
Profit for the year from continuing operations	10	**122,695**	132,900
Discontinued operations	11		
Profit for the year from discontinued operations		**–**	114,483
Gain on disposal of subsidiaries constituting discontinued operations		**549,885**	–
Profit for the year attributable to owners of the Company		**672,580**	247,383
Earnings per share	15	***HK Cents***	*HK Cents*
From continuing and discontinued operations			
Basic		**243.8**	91.2
Diluted		**243.0**	91.1
From continuing operations			
Basic		**44.5**	49.0
Diluted		**44.3**	48.9
From discontinued operations			
Basic		**199.3**	42.2
Diluted		**198.7**	42.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 *HK$'000*	2010 *HK$'000*
Profit for the year	**672,580**	247,383
Other comprehensive income (expense):		
Gain on fair value changes of available-for-sale investments	**13,161**	30,182
Reclassification for cumulative fair value gain attributable to disposal of available-for-sale investments to profit or loss	**(3,941)**	–
Reclassification of the 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	**933**	–
Other comprehensive (expense) income for the year	**(24,226)**	59,202
Total comprehensive income for the year attributable to owners of the Company	**648,354**	306,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	31.12.2011 HK$'000	31.12.2010 HK$'000
Non-current assets			
Investment properties	16	**835,067**	699,924
Property, plant and equipment	17	**21,373**	23,890
Interests in associates	18	**216,708**	163,206
Interests in a jointly controlled entity	19	**17,887**	17,242
Available-for-sale investments	20	**107,767**	62,854
		1,198,802	967,116
Current assets			
Inventories		**153,257**	139,641
Trade and other receivables, deposits and prepayments	21	**135,376**	90,720
Tax recoverable		**5**	31
Investments held-for-trading	22	**51,937**	45,607
Bank balances and cash	23	**585,398**	59,901
		925,973	335,900
Assets classified as held for sale	24	**–**	1,386,035
		925,973	1,721,935
Current liabilities			
Trade payables, other payables and accruals	25	**151,179**	116,473
Deposits received for investments properties held for sale		**–**	705
Derivative financial instruments	26	**5,429**	–
Tax payable		**31,542**	8,357
Bank loans	27	**–**	226,176
		188,150	351,711
Liabilities associated with assets classified as held for sale	24	**–**	1,043,476
		188,150	1,395,187

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	31.12.2011 HK$'000	31.12.2010 HK$'000
Net current assets		**737,823**	326,748
Total assets less current liabilities		**1,936,625**	1,293,864
Non-current liabilities			
Deferred tax liabilities	*28*	**56,907**	37,331
Net assets		**1,879,718**	1,256,533
Capital and reserves			
Share capital	*29*	**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		**1,879,718**	1,256,533

The consolidated financial statements on pages 27 to 97 were approved and authorised for issue by the Board of Directors on 28 March 2012 and are signed on its behalf by:

LIM Kiah Meng
DIRECTOR

LIM Kia Hong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital HK$'000	Share premium HK$'000	Investments reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Contributed surplus HK$'000 (note)	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2010	27,102	58,238	7,871	24,375	–	2,860	4,088	844,677	969,211
Profit for the year	–	–	–	–	–	–	–	247,383	247,383
Other comprehensive income for the year	–	–	30,182	29,020	–	–	–	–	59,202
Total comprehensive income for the year	–	–	30,182	29,020	–	–	–	247,383	306,585
Recognition of equity-settled share based payments	–	–	–	–	–	–	125	–	125
Issue of shares under employee share option plan	133	2,891	–	–	–	–	(731)	–	2,293
Reversal on lapse of share options	–	–	–	–	–	–	(309)	309	–
Dividend recognised as distribution *(Note 14)*	–	–	–	–	–	–	–	(21,681)	(21,681)
At 31 December 2010	**27,235**	**61,129**	**38,053**	**53,395**	**–**	**2,860**	**3,173**	**1,070,688**	**1,256,533**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**672,580**	**672,580**
Other comprehensive income (expense) for the year	**–**	**–**	**9,220**	**(34,379)**	**933**	**–**	**–**	**–**	**(24,226)**
Total comprehensive income (expense) for the year	**–**	**–**	**9,220**	**(34,379)**	**933**	**–**	**–**	**672,580**	**648,354**
Issue of shares under employee share option plan	**468**	**10,238**	**–**	**–**	**–**	**–**	**(2,651)**	**–**	**8,055**
Dividend recognised as distribution *(Note 14)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(33,224)**	**(33,224)**
At 31 December 2011	**27,703**	**71,367**	**47,273**	**19,016**	**933**	**2,860**	**522**	**1,710,044**	**1,879,718**

Note: Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition upon the Group reorganisation in preparation for the listing of the Company's shares in the year 1992.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 HK$'000	2010 HK$'000
Operating activities			
Profit before taxation		**146,795**	291,086
Adjustments for:			
Share of results of associates		**(19,041)**	(38,584)
Share of result of a jointly controlled entity		**(645)**	(4,230)
Loss on deemed disposal of an associate		**34**	212
Finance costs		**448**	3,481
Allowance for (reversal of) doubtful debts provided, net		**33**	(4,694)
Allowance for (reversal of write-down of) inventories		**633**	(8,269)
Dividend income from investments held-for-trading		**(4,061)**	(3,656)
Dividend income from available-for-sale investments		**(5,740)**	(456)
Interest income		**(2,247)**	(1,545)
Share-based payments expense		**–**	125
Gain on disposal of available-for-sale investments		**(3,941)**	(7)
Gain on disposal of an associate		**–**	(2,675)
Impairment loss of available-for-sale investments		**10,395**	6,903
Increase in fair value of investment properties		**(129,550)**	(109,389)
Gain on fair value change of investments held-for-trading		**(3,330)**	(3,237)
Gain on disposal of investment properties		**–**	(5,000)
Loss on fair value changes on derivative financial instruments		**5,429**	1,338
Depreciation of property, plant and equipment		**610**	2,854
(Gain) loss on disposal of property, plant and equipment		**(266)**	118
Operating cash flows before movements in working capital		**(4,444)**	124,375
Increase in inventories		**(5,544)**	(277,438)
Increase in trade and other receivables, deposits and prepayments		**(30,600)**	(303,355)
(Increase) decrease in investments held-for-trading		**(3,000)**	131
Dividend received from investments held-for-trading		**4,061**	3,656
Increase in trade payables, other payables and accruals		**3,825**	299,222
Increase in bills payable		**–**	113,194
Cash used in operations		**(35,702)**	(40,215)
Hong Kong Profits Tax refund (paid), net		**19**	(14,271)
Overseas Tax paid		**(775)**	(1,317)
Interest paid		**(448)**	(3,481)
Net cash used in operating activities		**(36,906)**	(59,284)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 HK$'000	2010 HK$'000
Investing activities			
Dividend received from associates		**12,768**	9,496
Dividend received from available-for-sale investments		**5,740**	456
Interest received		**2,247**	1,545
Increase in pledged bank deposits		**–**	(478)
Proceeds from disposal of available-for-sale investments		**8,060**	33
Purchase of available-for-sale investments		**(49,985)**	(6,936)
Purchase of property, plant and equipment		**(3,081)**	(4,279)
Acquisition of investment properties		**–**	(383,446)
Acquisition of an associate		**(55,095)**	–
Acquisition of a jointly controlled entity		**–**	(12,679)
Deposits received for disposal of investment properties		**–**	705
Proceeds from disposal of subsidiaries	*11*	**823,308**	–
Proceeds from disposal of investment properties		**6,322**	66,500
Proceeds from disposal of property, plant and equipment		**269**	361
Proceeds from disposal of an associate		**–**	13,165
Net cash from (used in) investing activities		**750,553**	(315,557)
Financing activities			
Issue of shares		**8,055**	2,293
Dividends paid		**(33,224)**	(21,681)
New bank loans raised		**–**	744,106
Repayment to Disposal Group	*11*	**(77,608)**	–
Repayment of bank loans		**(226,176)**	(370,891)
Net cash (used in) from financing activities		**(328,953)**	353,827
Net increase (decrease) in cash and cash equivalents		**384,694**	(21,014)
Cash and cash equivalents at 1 January		**200,618**	217,349
Effect of foreign exchange rate changes		**86**	4,283
Cash and cash equivalents at 31 December		**585,398**	200,618

1. GENERAL

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

The Company acts as an investment trading and investment holding company and provides corporate management services to group companies. The principal activities of its subsidiaries are set out in note 38.

On 26 November 2010, a wholly-owned subsidiary of the Company entered into an agreement (the "Agreement") with Jardine OneSolution (BVI) Limited for the disposal of its entire interest in certain wholly-owned subsidiaries; namely SiS International Limited, SiS Technologies Pte. Ltd. and SiS Distribution (M) Sdn. Bhd. (the "Disposal Group") which were engaged in distribution of certain brands in IT products. The transaction was completed on 3 January 2011. Details of the transaction are set out in note 11.

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

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	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.

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

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	Disclosure 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 ("HKFRSs") (cont'd)

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:

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

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability's 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 at fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015. 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.

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

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK (SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

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.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Except for HKFRS 12, the application of other standards have no significant impact on amounts reported in the consolidated financial statements.

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

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

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.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Investments in associates

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in associates (cont'd)

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

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

Jointly controlled entities

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Jointly controlled entities (cont'd)

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

Non-current assets held for sale

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

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

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

Revenue recognition

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

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment properties

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

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

Leasing

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Loans and receivables

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investments reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in investments reserve is reclassified to profit or loss.

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

Impairment of financial assets

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Other financial liabilities

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

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

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

Derivative financial instruments

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

Derivatives of the Group do not qualify for hedge accounting and thus they are deemed as financial assets held-for-trading or financial liabilities held-for-trading.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Derecognition (cont'd)

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

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

Impairment losses on assets other than financial assets

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies (cont'd)

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

Borrowing costs

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

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

Share-based payment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

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

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

4. SEGMENT INFORMATION

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 current year's presentation.

4. SEGMENT INFORMATION (cont'd)

Segment revenue and results

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

	For the year ended 31 December 2011		
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue			
External sales	1,312,566	15,708	1,328,274
Segment profit	25,915	143,013	168,928
Change in fair value of investments held-for-trading			3,330
Income from investments held-for-trading and available-for-sale investments			13,742
Impairment loss on available-for-sale investments			(10,395)
Loss on deemed disposal of an associate			(34)
Other unallocated income			2,247
Share of results 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

4. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	For the year ended 31 December 2010		
	Distribution of mobile and IT products *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue			
External sales	149,836	8,805	158,641
Segment profit	9,369	121,196	130,565
Change in fair value of investments 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 results 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

The accounting policies adopted in preparing the operating segments are the same as the Group's accounting policies described in note 3. 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. SEGMENT INFORMATION (cont'd)

Segment assets

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

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

	At 31 December 2010		
	Distribution of mobile and IT products	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	228,289	695,778	924,067
Interests in associates			163,206
Interests in a jointly controlled entity			17,242
Unallocated corporate assets			198,501
Consolidated total assets			1,303,016

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

4. SEGMENT INFORMATION (cont'd)

Other segment information

Segment results and segment assets from continuing operations presented above includes the following:

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

	For the year ended 31 December 2010			
	Distribution of mobile and IT products	Property investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	303	404,252	–	404,555
Depreciation	14	232	194	440
Increase in fair value of investment properties	–	109,389	–	109,389

4. SEGMENT INFORMATION (cont'd)

Geographical information

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

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

	Revenue		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**539,663**	73,107	**813,141**	683,622
Singapore	**781,110**	83,497	**39,871**	37,016
Malaysia	**7,280**	1,845	**16**	–
The People's Republic of China ("PRC")	**221**	192	**3,412**	3,176
	1,328,274	158,641	**856,440**	723,814

Major customer information

Revenue from customers contributing over 10% of the total revenue of the Group is from a customer with total amount of HK$339,313,000 (2010: HK$Nil) from distribution of mobile and IT products.

5. REVENUE

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

	2011	2010
	HK$'000	*HK$'000*
Distribution of mobile and IT products	**1,312,566**	149,836
Leasing of investment properties	**15,708**	8,805
	1,328,274	158,641

6. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
The amount includes:		
Interest on bank deposits	**2,247**	1,047

7. OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
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 in 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 of investment properties	**–**	5,000
Gain on disposal of property, plant and equipment	**266**	–
Loss on deemed disposal of an associate	**(34)**	(212)
	(13,061)	12,768

8. FINANCE COSTS

The finance costs represent interest on bank loans wholly repayable within five years.

9. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**1,446**	186
Singapore	**2,452**	1,678
	3,898	1,864
Deferred taxation *(note 28)*	**20,202**	18,129
	24,100	19,993

9. INCOME TAX EXPENSE (cont'd)

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.

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

	2011	2010
	HK$'000	*HK$'000*
Profit before tax	**146,795**	152,893
Tax at the domestic income tax rate of 16.5% *(note)*	**24,221**	25,227
Tax effect of share of results of associates	**(3,136)**	(6,366)
Tax effect of share of result of a jointly controlled entity	**(107)**	(698)
Tax effect of expenses not deductible for tax purpose	**5,076**	4,280
Tax effect of income not taxable for tax purpose	**(4,169)**	(4,732)
Tax effect of tax losses/deductible temporary differences not recognised	**2,709**	140
Utilisation of tax losses/deductible temporary differences previously not recognised	**(55)**	(41)
Effect of different tax rates of subsidiaries	**105**	49
Withholding tax on share of result of an associate	**246**	2,299
Others	**(790)**	(165)
Income tax expense	**24,100**	19,993

Note:

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

10. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'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	**13,572**	6,988

Notes:

(1) Cost of inventories includes allowance for inventories of HK$633,000 (2010: HK$NIL).

(2) Staff costs include emoluments to directors as set out in note 12.

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.

11. 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 on 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.

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

	HK$'000
Property, plant and equipment	4,450
Deferred tax assets	358
Inventories	390,629
Trade and other receivables, deposits and prepayments	819,409
Tax recoverable	459
Amount due from 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)
Net assets of Disposal Group disposed of	413,140

11. DISCONTINUED OPERATIONS (cont'd)

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

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

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

Note: Under a deed entered into on 3 January 2011, the Group covenanted to indemnify the buyer and the Disposal Group against any tax liability of the Disposal Group arising from any event on or before completion of the transaction. An accrual of tax liabilities in a total amount of HK$27,804,000 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.

11. DISCONTINUED OPERATIONS (cont'd)

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

	1.1.2011 to 3.1.2011	1.1.2010 to 31.12.2010
	HK$'000	*HK$'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)
Profit before tax	–	138,193
Income tax expense	–	(23,710)
Profit for the year	–	114,483

The cash flows contributed by the Disposal Group for the current and prior years are as follows:

	1.1.2011 to 3.1.2011	1.1.2010 to 31.12.2010
	HK$'000	*HK$'000*
Net cash inflows used in operating activities	–	20,456
Net cash outflows used in investing activities	–	(2,446)
Net cash inflows from financing activities	–	2,039
Net cash inflows	–	20,049

12. DIRECTORS' EMOLUMENTS

Emoluments paid or payable to each of the directors during the year are as follows:

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

12. DIRECTORS' EMOLUMENTS (cont'd)

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefit scheme HK$'000	Share-based payments HK$'000	2010 Total HK$'000
Executive directors:						
Mr. Lim Kiah Meng	126	3,433	1,500	34	10	5,103
Mr. Lim Kia Hong	126	3,432	1,500	40	10	5,108
Mr. Lim Hwee Hai	126	3,448	1,500	24	10	5,108
Madam Lim Hwee Noi	126	1,896	1,000	27	10	3,059
	504	12,209	5,500	125	40	18,378
Independent non-executive directors:						
Mr. Lee Hiok Chuan	250	–	–	–	3	253
Mr. Woon Wee Teng	250	–	–	–	3	253
Ms. Ong Wui Leng	250	–	–	–	3	253
	750	–	–	–	9	759
	1,254	12,209	5,500	125	49	19,137

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

No directors waived any of their emoluments during the two years ended 31 December 2010 and 2011.

No payment for loss of office to Mr. Woon Wee Teng was made in the current year.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2010: four) were directors whose emoluments are disclosed in note 12 above. The emolument of the remaining one (2010: one) individual, which is within the band of HK$1,500,001 to HK$2,000,000 (2010: HK$2,500,001 to HK$3,000,000), is as follow:

	2011	2010
	HK$'000	*HK$'000*
Salaries and other benefits	**1,760**	2,763
Contributions to retirement benefit scheme	**12**	12
Share-based payment expense	**–**	9
	1,772	2,784

14. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
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 end 31 December 2010 was approved during the last annual general meeting and had been recognized as distribution during the year.

15. EARNINGS PER SHARE

The calculation of both the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$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.

16. INVESTMENT PROPERTIES

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**699,924**	191,175
Exchange realignment	**(407)**	2,641
Additions	**–**	403,769
Increase in fair value recognised in profit or loss	**129,550**	109,389
Transfer to assets classified as held for sale	**–**	(7,050)
Reclassified from property, plant and equipment	**6,000**	–
At 31 December	**835,067**	699,924

16. INVESTMENT PROPERTIES (cont'd)

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

	2011	2010
	HK$'000	*HK$'000*
Hong Kong		
under long lease	**748,000**	621,000
under medium-term lease	**44,900**	39,400
Singapore		
freehold	**20,186**	18,780
under long lease	**18,569**	17,568
The PRC		
under medium-term lease	**3,412**	3,176
	835,067	699,924

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

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

17. PROPERTY, PLANT AND EQUIPMENT

	Land and building in Hong Kong under long lease	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2010	23,971	7,827	27,959	3,747	63,504
Exchange realignment	–	446	1,133	236	1,815
Additions	–	657	1,604	2,018	4,279
Disposals	–	–	(5,539)	(2,591)	(8,130)
Reclassify to assets held for sale	–	(6,770)	(25,055)	(1,241)	(33,066)
At 31 December 2010	**23,971**	**2,160**	**102**	**2,169**	**28,402**
Exchange realignment	**–**	**–**	**(1)**	**(30)**	**(31)**
Acquisition of subsidiaries	**–**	**25**	**85**	**–**	**110**
Additions	**–**	**1,140**	**860**	**1,081**	**3,081**
Disposals	**–**	**–**	**(46)**	**(778)**	**(824)**
Fair value change upon reclassification	**933**	**–**	**–**	**–**	**933**
Reclassify to investment properties	**(6,016)**	**–**	**–**	**–**	**(6,016)**
At 31 December 2011	**18,888**	**3,325**	**1,000**	**2,442**	**25,655**
DEPRECIATION					
At 1 January 2010	838	7,181	25,251	3,120	36,390
Exchange realignment	–	411	955	169	1,535
Provided for the year	114	406	1,344	990	2,854
Eliminated on disposals	–	–	(5,417)	(2,234)	(7,651)
Reclassify to assets held for sale	–	(6,278)	(22,090)	(248)	(28,616)
At 31 December 2010	**952**	**1,720**	**43**	**1,797**	**4,512**
Exchange realignment	**–**	**–**	**–**	**(3)**	**(3)**
Provided for the year	**99**	**153**	**67**	**291**	**610**
Eliminated on disposals	**–**	**–**	**(43)**	**(778)**	**(821)**
Eliminated on reclassification to investment properties	**(16)**	**–**	**–**	**–**	**(16)**
At 31 December 2011	**1,035**	**1,873**	**67**	**1,307**	**4,282**
CARRYING VALUES					
At 31 December 2011	**17,853**	**1,452**	**933**	**1,135**	**21,373**
At 31 December 2010	23,019	440	59	372	23,890

17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

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

18. INTERESTS IN ASSOCIATES

	2011	2010
	HK$'000	*HK$'000*
Cost of investment in associates		
Listed overseas	**29,850**	29,850
Unlisted	**55,095**	–
Share of post-acquisition reserves and profits, net of dividend received	**139,596**	117,485
Exchange realignment	**(7,833)**	15,871
	216,708	163,206
Fair value of a listed associate	**310,442**	359,110

18. INTERESTS IN ASSOCIATES (cont'd)

Details of the associates as at 31 December 2010 and 2011 are as follows:

Name of company	Form of business structure	Country of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held indirectly by the Company 2011	2010	Principal activities
SiS Distribution (Thailand) Public Company Limited (listed on the Stock Exchange of Thailand)	Limited company	Thailand	Ordinary	**47.2%**	47.8%	Distribution of IT products and provision of services
Infinitiq Solution Pte. Limited	Limited company	Singapore	Ordinary	**35.7%**	35.7%	Inactive
Havoq Research Pte. Limited	Limited company	Singapore	Ordinary	**50%**	50%	Inactive
Information Technology Consultants Limited	Limited company	Bangladesh	Ordinary	**29.5%**	–	Provision of financial services and mobile banking solutions

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

	2011 *HK$'000*	2010 *HK$'000*
Total assets	**1,653,749**	922,023
Total liabilities	**(1,191,441)**	(584,421)
Net assets	**462,308**	337,602
Group's share of net assets of associates	**220,910**	163,206
Revenue	**5,715,476**	3,471,114
Profit for the year	**39,536**	80,343
Group's share of profits of associates for the year	**19,041**	38,584

18. INTERESTS IN ASSOCIATES (cont'd)

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

	2011	2010
	HK$'000	*HK$'000*
Unrecognised share of losses of associates for the year	**–**	(750)
Accumulated unrecognised share of losses of associates	**(1,626)**	(1,626)

19. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	2011	2010
	HK$'000	*HK$'000*
Cost of investments	**12,679**	12,679
Share of post-acquisition profits and reserves	**5,208**	4,563
	17,887	17,242

Details of the jointly controlled entity as at 31 December 2010 and 2011 are as follows:

Name of company	**Form of business**	**Country of incorporation/ operation**	**Proportion of capital held indirectly by the Company**		**Principal activities**
			2011	2010	
Hangxin Electronic Industrial Co. Ltd. ("Hangxin") 杭州杭鑫電子工業有限公司	Limited company	PRC	**25.6%**	25.6%	Manufacture of electronic products

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

19. INTERESTS IN A JOINTLY CONTROLLED ENTITY (cont'd)

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

	2011	2010
	HK$'000	*HK$'000*
Non-current assets	**17,469**	7,634
Current assets	**19,679**	22,496
Current liabilities	**(11,732)**	(12,888)
Non-current liabilities	**(7,529)**	–
Income recognised in profit or loss	**29,087**	11,682
Expenses recognised in profit or loss	**(28,442)**	(10,576)
Other comprehensive income	**–**	333

20. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	HK$'000	*HK$'000*
Equity securities, listed overseas, at fair value	**76,372**	52,762
Equity securities, unlisted, at cost	**30,095**	8,792
Club debentures, unlisted, at cost	**1,300**	1,300
	107,767	62,854

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

During the year, the Group invested in a number of unlisted entities carrying on IT related business and development of hospitality business with total amount of HK$22,295,000 and HK$7,800,000 for potential capital appreciation and strategic investment purposes respectively.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**96,616**	84,198
Less: allowance for doubtful debts	**(15)**	(15)
	96,601	84,183
GST receivable	**30,005**	3,644
Deposits, prepayments and other receivables	**8,770**	2,893
	135,376	90,720

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 customer. 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.

Included in the trade receivable balance are debts with total carrying amount of HK$47,915,000 (2010: HK$33,464,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the Group considered that the default risk is low after considering the creditworthiness and past payment history of the debtors and settlement after the reporting date. No collateral is held over these receivables. Trade receivables which are neither overdue nor impaired are in good quality.

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

	2011	2010
	HK$'000	*HK$'000*
Overdue:		
Within 30 days	**32,982**	33,395
31 to 90 days	**9,889**	48
91 to 120 days	**1,739**	–
Over 120 days	**3,305**	21
	47,915	33,464

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

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

	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of the year	**15**	25,855
Exchange realignment	–	1,232
Impairment losses recognised on receivables	**33**	6,980
Amounts written off as uncollectible	**(33)**	(6,655)
Amounts recovered during the year	–	(11,674)
Reclassify to assets held for sale	–	(15,723)
Balance at end of the year	**15**	15

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$15,000 (2010: HK$15,000) which have either been in severe financial difficulties or with default payments.

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	2010
	HK$'000	*HK$'000*
Within 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
	96,601	871,126

22. INVESTMENTS HELD-FOR-TRADING

	2011	2010
	HK$'000	*HK$'000*
Equity securities		
listed overseas, at fair value	**51,610**	45,477
listed in Hong Kong, at fair value	**327**	130
	51,937	45,607

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

23. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits which carry interest at market rates ranging from 0.001% to 4.5% (2010: 0.001% to 4.4%) per annum with an original maturity of three months or less.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of the relevant group entities, amount to HK$336,580,000 (2010: HK$44,971,000).

24. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES

	Assets		**Liabilities**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
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 11.

(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.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

Trade payables that are denominated in United States dollars, currency other than the functional currencies of the relevant group entities arising from continuing operations amounted to HK$16,848,000 (2010: HK$47,997,000).

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	2010
	HK$'000	*HK$'000*
Within 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
Trade payables	**103,991**	660,081

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into foreign currency forward contracts with total principal amount of US$15,000,000 to buy varying amounts of Singapore dollars ("S$") at specified rates ranging from S$1.2207 to S$1.2625 to US$1. These contracts will be maturing ranging from 8 March 2012 to 3 May 2012.

Foreign currency forward contracts which were entered into by the Disposal Group to manage its exposure to currency fluctuation risk of certain trade payables denominated in US$ outstanding as at 31 December 2010 were classified under assets held for sale.

27. BANK LOANS

Bank loans outstanding at 31 December 2010 were secured and carried variable interest rates ranging from 0.8% to 1.9% per annum and were fully repaid during the year ended 31 December 2011.

28. DEFERRED TAXATION

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

	Accelerated tax depreciation	Allowances for doubtful debts/ inventories	Revaluation of investment properties	Tax losses	Undistributed earnings of an associate	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	(2,234)	2,488	(13,137)	4,778	(7,349)	(8,108)	(23,562)
Charge to profit or loss	(594)	(575)	(15,352)	(1,581)	(2,299)	(208)	(20,609)
Exchange realignment	(11)	51	–	43	(952)	(757)	(1,626)
Reclassify to Disposal Group	14	(608)	–	–	–	9,060	8,466
At 31 December 2010	**(2,825)**	**1,356**	**(28,489)**	**3,240**	**(10,600)**	**(13)**	**(37,331)**
(Charge) credit to profit or loss	**(214)**	**–**	**(22,741)**	**2,999**	**(246)**	**–**	**(20,202)**
Exchange realignment	**–**	**–**	**–**	**–**	**626**	**–**	**626**
At 31 December 2011	**(3,039)**	**1,356**	**(51,230)**	**6,239**	**(10,220)**	**(13)**	**(56,907)**

At the end of the reporting period, the Group has unrecognised deductible temporary differences of HK$35,526,000 (2010: HK$20,197,000) and unutilised tax losses of HK$39,416,000 (2010: HK$20,116,000). A deferred tax asset has been recognised in respect of the tax losses of HK$37,812,000 (2010: HK$19,268,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$1,604,000 (2010: HK$848,000) and the deductible temporary differences due to the unpredictability of future assessable profit streams.

29. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Nominal value	
	2011	2010	**2011** *HK$'000*	2010 *HK$'000*
Authorised	**350,000,000**	350,000,000	**35,000**	35,000
Issued and fully paid				
At beginning of year	**272,349,995**	271,016,661	**27,235**	27,102
Allotted during the year	**4,683,337**	1,333,334	**468**	133
At end of year	**277,033,332**	272,349,995	**27,703**	27,235

During the year, 4,683,337 (2010: 1,333,334) ordinary shares were allotted under the share option scheme at a price of HK$1.72 per share (2010: HK$1.72 per share) giving a total consideration of HK$8,055,000 (2010: HK$2,293,000) settled in cash.

30. CAPITAL RISK MANAGEMENT

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

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

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

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	**107,767**	62,854
Investments held-for-trading	**51,937**	45,607
Loans and receivables (including cash and cash equivalents)	**716,999**	148,559
Financial liabilities		
Derivative financial instruments	**5,429**	–
Financial liabilities stated at amortised cost	**114,008**	325,733

The comparatives of the above information do not include financial instruments of the Disposal Group and accordingly, the below analysis does not include information.

b. Financial risk management objectives

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

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

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk

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

(i) Currency risk

Majority of the purchase of goods of the Group are denominated in United States dollars. Certain bank balances are denominated in United States dollars, Australian dollars, Singapore dollars, New Zealand dollars, Malaysian dollars, Indonesia dollars and Taiwan dollars, the currencies other than the functional currencies of the relevant group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities excluding those assets and liabilities classified as held-for-sale at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars	**75,604**	3,284	**16,848**	47,997
Australian dollars	**77,951**	23,580	**–**	–
Singapore dollars	**286,517**	2,141	**–**	–
New Zealand dollars	**2,186**	2,129	**–**	–
Malaysian dollars	**32,892**	13,370	**–**	–
Indonesia dollars	**21,112**	–	**–**	–
Taiwan dollars	**3,949**	–	**–**	–

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

Sensitivity analysis

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

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

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity analysis (cont'd)

	2011		2010	
	Increase (decrease) in foreign exchange rates	**Increase (decrease) in post-tax profit**	Increase (decrease) in foreign exchange rates	Increase (decrease) in post-tax profit
	%	***HK$'000***	%	*HK$'000*
Non-derivative financial instruments				
United States dollars	**1.5**	**881**	1.5	(671)
	(1.5)	**(881)**	(1.5)	671
Australian dollars	**10.0**	**7,795**	10.0	2,358
	(10.0)	**(7,795)**	(10.0)	(2,358)
Singapore dollars	**5.0**	**14,326**	10.0	214
	(5.0)	**(14,326)**	(10.0)	(214)
New Zealand dollars	**10.0**	**219**	10.0	213
	(10.0)	**(219)**	(10.0)	(213)
Malaysian dollars	**5.0**	**1,645**	5.0	669
	(5.0)	**(1,645)**	(5.0)	(669)
Indonesia dollars	**10**	**2,111**	N/A	N/A
	(10)	**(2,111)**	N/A	N/A
Taiwan dollars	**10**	**395**	N/A	N/A
	(10)	**(395)**	N/A	N/A
Derivative financial instruments				
Singapore dollars	**5.0**	**4,653**	N/A	N/A
	(5.0)	**(4,653)**	N/A	N/A

Since Hong Kong dollars are pegged to United States dollars, sensitivity analysis on currency risk exposure to United States dollars has not been presented as the impact of the fluctuation of United States dollars against Hong Kong dollars is insignificant.

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

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk (cont'd)

(ii) Price risk

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

Sensitivity analysis

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

If the price of the respective listed equity securities classified as held-for-trading investments had been 10% (2010: 10%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by HK$5,188,000 (2010: increase/decrease by HK$4,561,000) as a result of the changes in fair value of held-for-trading investments.

If the price of the respective listed equity securities classified as available-for-sale investments had been 10% (2010: 10%) higher/lower, the Group's available-for-sale investments and investment reserve would increase/decrease by HK$7,637,000 (2010: HK$5,276,000). However, any significant or prolonged decrease in the fair value of available-for-sale investments below the Group's cost that requires recognizing impairment loss in profit or loss, the Group's post-tax profit for the year would decrease by the amount of impairment loss recognised.

(iii) Interest rate risk

The bank balances comprise short term bank deposits at floating interest rate. The Group currently does not have any hedging policy against interest rate risk and will consider should the needs arise.

In addition, the Group was exposed to cash flow interest rate risk in relation to the floating-rate bank loans at the end of the prior reporting period. The bank loans were early repaid at the management's discretion during the year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would increase/decrease by HK$2,927,000 (2010: decrease/increase by HK$945,000). The analysis is prepared assuming the amounts of bank balances and bank loans outstanding at the end of the reporting period were outstanding for the whole year.

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

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Credit risk

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

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

The Group has no significant concentration of credit risk over its trade debtors, with exposure spread over a number of counterparties and customers, the Group's concentration of credit risk by geographical location of customers are mainly in Hong Kong and Singapore which accounted for majority of the trade receivables at 31 December 2011.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-standings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit-standings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

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

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Liquidity risk (cont'd)

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

	Weighted average interest rate	On demand	Within 3 months	3 – 6 months	Total undiscounted cash flows	Carrying amount at 31.12.2011
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011						
Non-derivative financial liabilities						
Trade and other payables	N/A	–	114,008	–	114,008	114,008
Derivative financial instruments						
Foreign currency forward contracts						
– cash inflows		–	(37,884)	(73,687)	(111,571)	
– cash outflows		–	39,000	78,000	117,000	
		–	1,116	4,313	5,429	5,429

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Liquidity risk (cont'd)

	Weighted average interest rate	On demand	Within 3 months	3 – 6 months	Total undiscounted cash flows	Carrying amount at 31.12.2010
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010						
Non-derivative financial liabilities						
Trade and other payables	N/A	–	99,557	–	99,557	99,557
Bank loans	1.0	226,176	–	–	226,176	226,176
		226,176	99,557	–	325,733	325,733

The bank loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis.

c. Fair value

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

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

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

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable.

31. FINANCIAL INSTRUMENTS (cont'd)

c. Fair value (cont'd)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

	31 December 2011			31 December 2010
	Level 1	**Level 2**	**Total**	Level 1
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Financial assets at FVTPL				
Non-derivative financial assets held-for-trading	**51,937**	–	**51,937**	45,607
Available-for-sale financial assets				
Listed equity securities	**76,371**	–	**76,371**	52,762
Total	**128,308**	–	**128,308**	98,369
Financial liabilities to FVTPL				
Derivative financial instruments	–	**5,429**	**5,429**	–

There were no transfers between Level 1 and 2 during the year.

32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

In applying the entity's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, the directors of the Company have taken into consideration the intrinsic value of the available for sale investments in unlisted equity securities (note 20) and the present value of the estimated future cash flows from the underlying business of the investee companies. Where the actual cash flows generated from the investment is less than expected, a material impairment loss may arise. As at 31 December 2011, impairment loss provided on available for sale investments amounted to HK$10,395,000.

33. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year amounting to HK$257,000 (2010: HK$549,000).

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

33. OPERATING LEASES (cont'd)

The Group as lessor

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

	2011	2010
	HK$'000	*HK$'000*
Within one year	**13,279**	13,494
In the second to fifth year inclusive	**7,644**	16,593
	20,923	30,087

The above information for year ended 31 December 2010 does not include leases entered into by the Disposal Group.

34. SHARE OPTION SCHEME

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

Share options were granted on 20 August 2007 to certain directors and employees of the Group and directors of an associate at an exercise price of HK$1.72 per share and at a cash consideration of HK$10.00 per grantee. At 31 December 2011, the number of options which remained outstanding under the share option scheme was 933,334 (2010: 5,616,671) which, if exercised in full, represents 0.3% (2010: 2%) of the enlarged capital of the Company. Details of the share options outstanding are as follows:

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

34. SHARE OPTION SCHEME (cont'd)

The movements in the shares options during the two years ended 31 December 2010 and 31 December 2011 are as follows:

Grantee	Outstanding at 1 January 2010	Lapsed during the year	Exercised during the year	Outstanding at 1 January 2011	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2011
Directors	3,166,671	(533,334)	–	**2,633,337**	–	**(2,300,003)**	**333,334**
Employees and others	4,316,668	–	(1,333,334)	**2,983,334**	–	**(2,383,334)**	**600,000**
	7,483,339	(533,334)	(1,333,334)	**5,616,671**	–	**(4,683,337)**	**933,334**

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

No options were granted during the two years ended 31 December 2010 and 2011.

The fair values of these share options granted to the directors, employees and others at the date of grant ranged from HK$0.548 per share to HK$0.580 per share with an estimated total fair value of the options of HK$5,621,000. Options were priced using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effect of non-transferability, exercise restrictions, and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

The fair values of options granted were calculated using the following inputs:

Grant date share price	HK$1.62
Exercise price	HK$1.72
Expected volatility	48.36% – 50.27%
Option life	3.9 – 4.9 years
Dividend yield	2.78%
Risk-free interest rate	4.113% – 4.210%

35. RETIREMENT BENEFIT SCHEMES

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

For members of the MPF Scheme, the Group contributes the lower of 5% of relevant payroll costs or HK$1,000 to the scheme monthly, which contribution is matched by the employee.

Employees of the Group's subsidiaries incorporated in Singapore and Malaysia are members of pension schemes operated by the local governments. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the pension schemes to fund the benefits. The only obligation for the Group with respect to the pension schemes is the required contributions under the pension schemes.

36. PLEDGE OF ASSETS

At 31 December 2011, the Group's investment properties with carrying values of HK$560,000,000 (2010: HK$456,000,000) were pledged to secure general banking facilities available to the Group.

37. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sales of goods	**–**	480	**–**	–
Purchase of goods	**–**	1,607	**–**	–
Income from management service	**3,732**	2,373	**–**	–
Operating lease rentals expense	**–**	–	**729**	9,734

The information for the year 2010 included those entered into by the Disposal Group.

Amounts due from the associates outstanding at 31 December 2011 included in other receivables amount to HK$314,000 (2010: HK$210,000). The amounts are unsecured, interest free and repayable on demand.

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

Apart from the above, remunerations paid and payable to the executive directors of the Company who are considered to be the key management personnels are disclosed in note 12. The remuneration of directors are determined by the Remuneration Committee having regard to the Group's operating result, performance of individuals and market trends.

38. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2010 and 2011 are as follows:

Name of subsidiary	Country of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2011 %	2010 %	
Direct subsidiaries:					
SiS Distribution Limited	British Virgin Islands	US$45,001	**100**	100	Investment holding
SiS Investment Holdings Limited	British Virgin Islands	US$1	**100**	100	Investment holding
SiS TechVentures Corp.	British Virgin Islands	US$1	**100**	100	Investment holding
Indirect subsidiaries:					
Computer Zone Limited	Hong Kong	HK$2	**100**	100	Property investment
East Wealth Limited	Hong Kong	HK$1	**100**	–	Inactive
Ever Wealthy Limited	Hong Kong	HK$1	**100**	100	Investment holding
Faith Prosper Ltd.	British Virgin Islands	US$1	**100**	100	Investment holding
Gain Best Limited	Hong Kong	HK$1	**100**	100	Property investment
Gold Kite Limited	Hong Kong	HK$1	**100**	100	Investment holding
Maxima Technology Limited	British Virgin Islands	US$1	**100**	100	Inactive
Qool Bangladesh Limited	Bangladesh	TK1,000,000	**99**	–	Investment holding

38. PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2011 %	2010 %	
Indirect subsidiaries: (cont'd)					
Qool Labs Pte. Ltd.	Singapore	S$2	**100**	100	Distribution of IT and communication products
Qool International Limited	Hong Kong	HK$1	**100**	100	Distribution of IT and communication products
Qool Distribution (M) Sdn. Bhd.	Malaysia	RM2	**100**	100	Distribution of IT and communication products
QR Capital Limited	Hong Kong	HK$1	**100**	100	Property investment
SiS Asia Pte. Ltd.	Singapore	S$2	**100**	100	Investment holding, provision of hardware, software and corporate management services
SiS Capital Limited	Hong Kong	HK$1	**100**	100	Investment holding
SiS Capital (Bangladesh) Pte. Ltd.	Singapore	S$2	**100**	–	Investment holding
SiS China Limited	Hong Kong	HK$2	**100**	100	Property investment
SiS Distribution (M) Sdn. Bhd.	Malaysia	RM$7,500,000	**–**	100	Distribution of IT products and provision of computer training services

38. PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2011	2010	
			%	%	
Indirect subsidiaries: (cont'd)					
SiS HK Limited	Hong Kong	HK$400,000	**100**	100	Investment holding
SiS (India) Pte. Ltd.	Singapore	S$2	**100**	–	Inactive
SiS International Limited	Hong Kong	HK$100,000	**–**	100	Distribution of IT products, investment training and property investment
SiS Macau Limited	Macau	MOP25,000	**100**	100	Distribution of IT products
SiS Netrepreneur Ventures Corp.	British Virgin Islands	US$1	**100**	100	Investment holding
SiS Technologies Pte. Ltd.	Singapore	S$1,000,000	**–**	100	Distribution of IT products and provision of training and consulting services
SiS Technologies (Thailand) Pte. Ltd.	Singapore	S$2	**100**	100	Investment holding
Synergy Technologies (Asia) Limited	Hong Kong	HK$5,000,000	**100**	–	Distribution of mobile phone products
UC Capital Limited	Hong Kong	HK$1	**100**	100	Inactive
W-Data Technologies Limited	British Virgin Islands	US$1	**100**	–	Inactive

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

39. FINANCIAL POSITION OF THE COMPANY

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

	2011	2010
	HK$'000	*HK$'000*
Assets		
Interest in unlisted subsidiaries	**1,305,772**	507,424
Other assets	**38,122**	14,884
Bank balances and cash	**117,544**	20,648
	1,461,438	542,956
Liabilities		
Payables and accruals	**(86,530)**	(28,286)
Net assets	**1,374,908**	514,670
Share capital	**27,703**	27,235
Share premium	**71,367**	61,129
Reserves	**1,275,838**	426,306
Total equity	**1,374,908**	514,670

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,328,274**	158,641	3,883,752	4,563,332	4,260,503
Profit before taxation	**696,680**	267,376	153,895	52,568	204,257
Income tax expense	**(24,100)**	(19,993)	(19,811)	(10,749)	(34,306)
Profit for the year	**672,580**	247,383	134,084	41,819	169,951
Net profit attributable to:					
Owners of the Company	**672,580**	247,383	134,084	41,819	170,341
Non-controlling interests	**–**	–	–	–	(390)
	672,580	247,383	134,084	41,819	169,951

ASSETS AND LIABILITIES

	At 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**2,124,775**	2,689,051	1,566,039	1,406,338	1,489,611
Total liabilities	**(245,057)**	(1,432,518)	(596,828)	(577,020)	(658,917)
	1,879,718	1,256,533	969,211	829,318	830,694
Equity attributable to:					
Owners of the Company	**1,879,718**	1,256,533	969,211	829,318	830,694
Non-controlling interests	**–**	–	–	–	–
	1,879,718	1,256,533	969,211	829,318	830,694

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2011

Name of property and location	Area	Lease terms	Use
#11-07/23 Maxwell House 20 Maxwell Road Singapore	438 s.m.	Long-term lease	Commercial
#01-08 23 Dalvey Estate Singapore	112 s.m.	Freehold	Residential
#03-07 23 Dalvey Estate Singapore	86 s.m.	Freehold	Residential
8th Floor Far East Finance Centre 16 Harcourt Road Hong Kong	10,800 s.ft.	Long-term lease	Commercial
8th Floor 9 Queen's Road Central Hong Kong	13,721 s.ft.	Long-term lease	Commercial
23rd Floor, United Centre 95 Queensway Hong Kong	20,489 s.ft.	Long-term lease	Commercial
Unit 1, 11th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	2,632 s.ft.	Medium-term lease	Industrial/Office
Unit 5, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	2,997 s.ft.	Medium-term lease	Industrial/Office

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2011

Name of property and location	Area	Lease terms	Use
Unit 6, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	1,397 s.ft.	Medium-term lease	Industrial/Office
Unit 5, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	1,530 s.ft.	Medium-term lease	Industrial/Office
Unit 6, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	1,231 s.ft.	Medium-term lease	Industrial/Office
Unit 7, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	1,265 s.ft.	Medium-term lease	Industrial/Office
Flat B, 7/F., Ming Kung Mansion Kam Din Terrence 22 Tai Koo Shing Road Hong Kong	675 s.ft.	Long-term lease	Residential
Units 2611 and 2612 26th Level Metro Plaza Nos. 183-187 Tian He Bei Road Tian He District Guangzhou The PRC	147.59 s.m.	Medium-term lease	Commercial