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If you have sold or transferred all your Shares in **SiS International Holdings Limited**, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 529)

MAJOR TRANSACTION – ACQUISITION OF PROPERTY

16 November 2009

* *For identification purposes only*

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"%"	per cent
"Acquisition"	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional S&P Agreement
"Board"	the board of Directors
"Company"	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code 529)
"Completion"	completion of the Acquisition pursuant to the Provisional S&P Agreement and/or the formal agreement(s) to be entered into under its terms
"connected person"	shall have the meaning ascribed to it under the Listing Rules
"controlling shareholder"	shall have the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	11 November 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Property"	the eighth floor of No. 9 Queen's Road Central, Hong Kong and having a total gross floor area of approximately 13,721 square feet
"Provisional S&P Agreement"	the provisional agreement for sale and purchase of the Property dated 16 October 2009 entered into between the Vendor and the Purchaser
"Purchaser"	SiS Capital Limited, an indirect wholly-owned subsidiary of the Company, or its nominee
"SFO"	the Securities and Futures Ordinance (Chapter 571) of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	shareholder(s) of the Company, holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer"	CB Richard Ellis Limited, an independent qualified valuer
"Vendor"	Well Nice Enterprises Limited, a limited liability company incorporated in Hong Kong

SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 529)

Board of directors:

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
Mr. Woon Wee Teng
Ms. Ong Wui Leng

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Place of Business in Hong Kong:
Room 301
Eastern Harbour Centre
28 Hoi Chak Street
Quarry Bay
Hong Kong

16 November 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION – ACQUISITION OF PROPERTY

I. INTRODUCTION

On 16 October 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Vendor for the acquisition of the Property located at the eighth floor of No. 9 Queen's Road Central, Hong Kong at a consideration of HK$203,000.000.

The purpose of this circular is to provide the Shareholders with further information in relation to the Acquisition. Details of the Acquisition are as follows:

* *For identification purposes only*

II. THE PROVISIONAL S&P AGREEMENT

Date

16 October 2009

Parties

(1) Well Nice Enterprises Limited, as the Vendor; and

(2) SiS Capital Limited, an indirect wholly-owned subsidiary of the Company, or its nominee, as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. The principal business activity of the Vendor is property holding. There is no prior transaction and relationship between the Company and the Vendor and its associates in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Information of the Property

Subject to the terms and conditions of the Provisional S&P Agreement, the Vendor shall sell and the Purchaser shall acquire the Property, which is located at the eighth floor of No. 9 Queen's Road Central, Hong Kong and having a total gross floor area of approximately 13,721 square feet. The Property was estimated to be approximately HK$208,000,000 as at 16 October 2009 by CB Richard Ellis Limited, an independent valuer.

Consideration and payment terms:

The consideration for the Acquisition is HK$203,000,000, which shall be payable in three installments by the Purchaser. The consideration will be satisfied in full upon Completion, which is expected to take place on or before 19 January 2010.

The consideration for the Property has been determined after arm's length negotiations between the parties by reference to the prevailing market conditions. The consideration will be financed by a combination of internal resources of the Group and bank financing.

Completion

Completion of the Acquisition shall be subject to the obtaining of the major shareholders' approval of the Company on or before 16 December 2009. Subject to satisfaction of the condition to the Provisional S&P Agreement, completion of the Acquisition shall take place on or before 19 January 2010.

REASONS FOR THE ACQUISITION

The Group is principally engaged in distribution of information technologies and related hardware and software products, investment trading and property investment. The Acquisition allows the Group to enlarge its investment property portfolio and increase its long term rental income. Taking into account the above factors and the preliminary valuation of the Property by an independent professional valuer, the Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the consideration for the Acquisition of HK$203,000,000 will be paid to the Vendor in full, which will be funded by cash and new bank borrowings. Following the Acquisition, the total asset of the Group is expected to increase by HK$211,324,000 for the consideration and capitalised expenses whereas the net asset value of Group is expected to remain unchanged as the increase in investment properties will be offset by the decrease in cash balances and increase in liabilities of the Group. The Property is expected to contribute additional rental revenue and earnings to the Group.

GENERAL

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to Shareholders' approval pursuant to Rule 14.40 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders and its associates is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition.

The Company has obtained a written approval to the Acquisition from Gold Sceptre Limited, the controlling shareholder of the Company, which is beneficially interested in approximately 51.8% of the issued share capital of the Company. The written approval from Gold Sceptre Limited is accepted in lieu of holding a physical shareholders' meeting to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules, and accordingly a physical shareholders' meeting of the Company will not be convened.

III. ADDITIONAL MATTERS

Your attention is drawn to the information set out in the appendices to this circular.

By Order of the Board
SiS International Holdings Limited
LIM Kia Hong
Chief Executive Officer

1. FINANCIAL SUMMARY

The following is a summary of the consolidated results of the Group for each of the years ended 31 December 2006, 2007 and 2008 and for each of the six months ended 30 June 2008 and 2009, and the consolidated assets and liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009.

Results

	For the six months ended 30 June		For the year ended 31 December		
	2009	**2008**	**2008**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	1,745,696	2,381,171	4,563,332	4,260,503	3,396,237
Profit before taxation	38,575	81,351	52,568	204,257	114,449
Income tax expense	(5,826)	(11,051)	(10,749)	(34,306)	(22,188)
Profit for the period/year	32,749	70,300	41,819	169,951	92,261
Attributable to:					
Equity holders of the Company	32,749	70,300	41,819	170,341	92,459
Minority interests	–	–	–	(390)	(198)
	32,749	70,300	41,819	169,951	92,261
Earnings per share – basic	12.08 HK cents	26.07 HK cents	15.5 HK cents	63.4 HK cents	34.4 HK cents
– diluted	12.08 HK cents	26.07 HK cents	15.5 HK cents	63.4 HK cents	34.4 HK cents

Assets and Liabilities

	As at 30 June	As at 31 December		
	2009	**2008**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Total assets	1,407,364	1,406,338	1,489,611	1,255,168
Total liabilities	550,980	577,020	658,917	597,413
Net assets	856,384	829,318	830,694	657,755
Equity attributable to equity holders of the Company	856,384	829,318	830,694	656,963
Minority interests	–	–	–	792
Total equity	856,384	829,318	830,694	657,755

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the years ended 31 December 2007 and 2008 together with the accompanying notes are extracted from annual report of the Company for the year ended 31 December 2008.

Consolidated Income Statement
For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	4	4,563,332	4,260,503
Cost of sales		(4,365,942)	(4,005,782)
Gross profit		197,390	254,721
Other income	6	31,688	40,737
Distribution costs		(77,759)	(80,702)
Administrative expenses		(75,499)	(63,473)
Other expenses	7	(1,397)	(125)
Change in fair value of investments held-for-trading		(21,081)	1,836
Change in fair value of investment properties		(24,402)	38,514
Share of results of associates		28,482	18,152
Finance costs	8	(4,854)	(5,403)
Profit before taxation		52,568	204,257
Income tax expense	9	(10,749)	(34,306)
Profit for the year	10	41,819	169,951
Attributable to:			
Equity holders of the Company		41,819	170,341
Minority interests		–	(390)
		41,819	169,951
Dividends paid	13	27,102	21,484
EARNINGS PER SHARE	14		
Basic		15.5 HK cents	63.4 HK cents
Diluted		15.5 HK cents	63.4 HK cents

Consolidated Balance Sheet
At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	15	196,873	212,256
Property, plant and equipment	16	8,956	11,858
Prepaid lease payments	17	14,846	14,869
Interests in associates	18	109,372	103,022
Available-for-sale investments	19	12,610	10,492
Staff advances – due after one year	20	–	54
Deferred tax assets	30	351	224
		343,008	352,775
Current assets			
Inventories	21	297,567	315,010
Trade and other receivables, deposits and prepayments	22	578,238	584,758
Staff advances – due within one year	20	491	624
Tax recoverable		1,864	–
Prepaid lease payments	17	23	23
Investments held-for-trading	23	33,682	58,541
Pledged bank deposits	24	20,369	20,698
Bank balances and cash	25	131,096	157,182
		1,063,330	1,136,836
Current liabilities			
Trade payables, other payables and accruals	26	407,578	461,805
Bills payable	27	74,758	57,130
Derivative financial instruments	28	1,938	1,361
Tax payable		6,873	21,071
Bank loans – due within one year	29	71,639	100,143
		562,786	641,510
Net current assets		500,544	495,326
Total assets less current liabilities		843,552	848,101
Non-current liabilities			
Deferred tax liabilities	30	14,234	17,407
Net assets		829,318	830,694
Capital and reserves			
Share capital	31	27,102	26,855
Share premium		58,223	52,834
Reserves		20,768	42,497
Retained profits		723,225	708,508
Total equity		829,318	830,694

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Investments reserve *HK$'000*	Translation reserve *HK$'000*	Statutory reserve *HK$'000* *(note 32)*	Contributed surplus *HK$'000* *(note 32)*	Share options reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
At 1 January 2007	26,855	52,834	2,924	10,920	919	2,860	–	559,651	656,963	792	657,755
Gains on fair value changes of available-for-sale investments	–	–	2,276	–	–	–	–	–	2,276	–	2,276
Exchange realignment arising on translation	–	–	–	6,572	–	–	–	–	6,572	24	6,596
Share of exchange reserve of associates	–	–	–	14,357	–	–	–	–	14,357	–	14,357
Total income recognised directly in equity	–	–	2,276	20,929	–	–	–	–	23,205	24	23,229
Profit for the year	–	–	–	–	–	–	–	170,341	170,341	(390)	169,951
Transfer to income statement on disposal of a subsidiary	–	–	–	(246)	–	–	–	–	(246)	(245)	(491)
Total recognised expense and income for the year	–	–	2,276	20,683	–	–	–	170,341	193,300	(611)	192,689
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,915	–	1,915	–	1,915
Decrease in minority interests as a result of acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	–	(181)	(181)
Dividend paid	–	–	–	–	–	–	–	(21,484)	(21,484)	–	(21,484)
At 31 December 2007	26,855	52,834	5,200	31,603	919	2,860	1,915	708,508	830,694	–	830,694
Loss on fair value changes of available-for-sale investments	–	–	(5,091)	–	–	–	–	–	(5,091)	–	(5,091)
Exchange realignment arising on translation	–	–	–	(2,689)	–	–	–	–	(2,689)	–	(2,689)
Share of exchange reserve of associates	–	–	–	(15,179)	–	–	–	–	(15,179)	–	(15,179)
Total expense recognised directly in equity	–	–	(5,091)	(17,868)	–	–	–	–	(22,959)	–	(22,959)
Profit for the year	–	–	–	–	–	–	–	41,819	41,819	–	41,819
Total recognised expense and income for the year	–	–	(5,091)	(17,868)	–	–	–	41,819	18,860	–	18,860
Recognition of equity-settled share based payments	–	–	–	–	–	–	2,623	–	2,623	–	2,623
Exercise of share options	247	5,404	–	–	–	–	(1,408)	–	4,243	–	4,243
Dividend paid	–	–	–	–	–	–	–	(27,102)	(27,102)	–	(27,102)
At 31 December 2008	27,102	58,238	109	13,735	919	2,860	3,130	723,225	829,318	–	829,318

Consolidated Cash Flow Statement
For the year ended 31 December 2008

	2008	2007
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	52,568	204,257
Adjustments for:		
Share of results of associates	(28,482)	(18,152)
Loss on deemed disposal of an associate	819	–
Finance costs	4,854	5,403
Allowance for doubtful debts provided, net	1,306	5,348
Reversal of write-down of inventories, net	(37)	(8,957)
Dividend income from equity investments	(5,976)	(4,986)
Interest income	(2,653)	(4,266)
Gain on disposal of a subsidiary	–	(242)
Goodwill written off on acquisition of additional interests in a subsidiary	–	125
Share-based payments expense	2,623	1,915
Gain on disposal of available-for-sale investments	(43)	(537)
Decrease (increase) in fair value of investment properties	24,402	(38,514)
Loss (gain) on fair value changes on derivative financial instruments	578	(184)
Depreciation of property, plant and equipment	4,758	3,977
Amortisation of prepaid lease payments	23	23
Loss (gain) on disposal of property, plant and equipment	8	(2)
Operating cash flows before movements in working capital	54,748	145,208
Decrease (increase) in inventories	16,238	(31,815)
Decrease (increase) in trade and other receivables, deposits and prepayments	1,739	(61,663)
Decrease (increase) in investments held-for-trading	21,888	(4,035)
Decrease in trade payables, other payables and accruals	(52,037)	(4,929)
Increase (decrease) in bills payable	18,112	(32,530)
CASH GENERATED FROM OPERATIONS	60,688	10,236
Hong Kong Profits Tax paid	(21,259)	(10,681)
Overseas Tax paid	(8,268)	(2,554)
Interest paid	(4,840)	(5,403)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	26,321	(8,402)

	Note	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Dividend received from associates		6,134	3,296
Dividend received from equity investments		5,976	4,986
Interest received		2,653	4,266
Increase in pledged bank deposits		(723)	(501)
Acquisition of additional interests in a subsidiary		–	(306)
Disposal of a subsidiary	33	–	(712)
Proceeds from disposal of available-for-sale investments		43	537
Purchase of available-for-sale investments		(4,118)	–
Purchase of property, plant and equipment		(1,972)	(5,742)
Acquisition of investment properties		(9,227)	(34,703)
Proceeds from disposal of property, plant and equipment		3	4
Advance to staff		–	(694)
Repayments of staff advances		187	2,548
NET CASH USED IN INVESTING ACTIVITIES		(1,044)	(27,021)
FINANCING ACTIVITIES			
Issue of shares upon exercise of share options		4,243	–
Dividends paid		(27,102)	(21,484)
New bank loans raised		478,043	422,440
Repayment of bank loans		(504,646)	(363,121)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(49,462)	37,835
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(24,185)	2,412
CASH AND CASH EQUIVALENTS AT 1 JANUARY		157,182	152,128
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,901)	2,642
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		131,096	157,182

Notes to the Consolidated Financial Statements
For the year ended 31 December 2008

1. GENERAL

The Company is 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 ultimate holding company is Summertown Limited and its immediate holding company is Gold Sceptre Limited. Both of the holding companies are incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section to the annual report.

The Company acts as an investment trading and investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 41.

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

2. APPLICATION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[7]

[1] *Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2009*

[3] *Effective for annual periods beginning on or after 1 July 2009*

[4] *Effective for annual periods ending on or after 30 June 2009*

[5] *Effective for annual periods beginning on or after 1 July 2008*

[6] *Effective for annual periods beginning on or after 1 October 2008*

[7] *Effective for transfer on or after 1 July 2009*

The application of HKAS 1 will result in a change in the presentation of primary statements of the financial statements and HKFRS 8 will result in a change in the basis of reporting of segment information.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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 and the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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 carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss.

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. An additional share of losses is provided for and a liability is 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 the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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 at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, and after taking into account of their residual values, using the straight-line method.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire contract is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those that are classified and accounted for as investment properties under fair value model.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a Group entity becomes a party to the contractual provisions of the instruments. 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" and "available-for-sale financial assets". All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade and other receivables, staff advances, pledged bank deposits and bank balances are carried at amortised cost using the effective interest method, less any identified 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.

Financial assets at fair value through profit or loss ("FVTPL") comprise financial assets held for trading. At each balance sheet date subsequent to initial recognition, FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivables or FVTPL. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in 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 each balance sheet date subsequent to initial recognition.

Impairment of financial assets

Financial assets other than those at FVTPL are assessed for indicators of impairment at each balance sheet date. Financial assets are 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 impacted.

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
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the 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 to profit or loss.

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 in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instruments 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 recorded at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL including financial liabilities held for trading. At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Financial liabilities at amortised cost mainly include trade and other payables, bills payable 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 through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. 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

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial assets, the difference between the carrying amount of the financial asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Impairment loss on assets

At each balance sheet date, 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 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 as an expense immediately.

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 with the exception of available-for-sale investment (details of which are stated above). A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Revenue recognition

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

Revenue from sales of goods are recognised when goods are delivered and title has passed.

Rentals receivable under operating leases are recognised and credited to the consolidated income statement on a straight-line basis over the relevant lease term.

Service income is recognised when services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income from a financial asset 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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 the 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 income statement 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 balance sheet date.

Deferred tax is recognised on the 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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 arising on investments in subsidiaries and associates, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated 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 balance sheet date. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to consolidated income statement on a straight-line basis over the term of the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straightline basis.

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, the currency of the primary economic environment in which the entity operates, at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 translation of monetary items, are recognised in profit or loss in the period in which they arise. 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 equity, in which cases, the exchange differences are also recognised directly in equity.

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, Hong Kong dollars, at the rate of exchange prevailing at the balance sheet date, and their income and expenses 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 as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Share-based payment

For grants of share options which are conditional upon satisfying specific 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 reserve. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with corresponding adjustment to share options reserve.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

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

Retirement benefit costs

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

Borrowings costs

All borrowings costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

4. REVENUE

Revenue represents the net amount received and receivable for goods sold and property rented during the year and is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Distribution of Information Technology ("IT") products	4,552,754	4,250,313
Renting of investment properties	10,578	8,537
Provision of service	–	1,653
	4,563,332	4,260,503

5. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating segments – distribution of IT products and property investment. IT products include computer softwares, hardwares and IT related products. Last year's operating segment also include provision of employment agencies services of which the Group had disposed of on 29 December 2007. These segments are the basis on which the Group reports its primary segment information.

An analysis of segment information by businesses are as follow:

	For the year ended 31 December 2008		
	Distribution of IT products	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
EXTERNAL REVENUE	4,552,754	10,578	4,563,332
SEGMENT RESULT			
Operations	79,329	(15,116)	64,213
Other unallocated income			5,716
Net loss from investments held-for-trading and available-for-sale investments			(15,062)
Loss on deemed disposal of an associate	(819)	–	(819)
Share of results of associates	28,482	–	28,482
Finance costs			(4,854)
Unallocated corporate expenses			(25,108)
Profit before taxation			52,568
Income tax expense			(10,749)
Profit for the year			41,819

	At 31 December 2008		
	Distribution of IT products	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	879,168	197,704	1,076,872
Interests in associates	109,372	–	109,372
Unallocated corporate assets			220,094
Consolidated total assets			1,406,338
LIABILITIES			
Segment liabilities	464,622	4,121	468,743
Unallocated corporate liabilities			108,277
Consolidated total liabilities			577,020

	For the year ended 31 December 2008			
	Distribution of IT products	**Property investment**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION				
Allowance for doubtful debts provided, net	1,306	–	–	1,306
Capital additions	1,916	9,283	–	11,199
Depreciation and amortisation	4,275	80	426	4,781
Decrease in fair value of investment properties	–	24,402	–	24,402
Reversal of write-down of inventories, net	37	–	–	37
Loss on deemed disposal of an associate	819	–	–	819

	For the year ended 31 December 2007			
	Distribution of IT products	**Property investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
EXTERNAL REVENUE	4,250,313	8,537	1,653	4,260,503
SEGMENT RESULT				
Operations	147,599	46,018	–	193,617
Other unallocated income				14,094
Gain from investments held-for-trading and available-for-sale investments				7,359
Gain on disposal of a subsidiary				242
Share of results of associates	18,152	–	–	18,152
Finance costs				(5,403)
Unallocated corporate expenses				(23,804)
Profit before taxation				204,257
Income tax expense				(34,306)
Profit for the year				169,951

	At 31 December 2007			
	Distribution of IT products	**Property investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	896,724	241,251	–	1,137,975
Interests in associates	103,022	–	–	103,022
Unallocated corporate assets				248,614
Consolidated total assets				1,489,611
LIABILITIES				
Segment liabilities	501,731	2,237	–	503,968
Unallocated corporate liabilities				154,949
Consolidated total liabilities				658,917

	For the year ended 31 December 2007			
	Distribution of IT products	**Property investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION				
Allowance for doubtful debts provided/ Bad debts written off	5,348	–	–	5,348
Capital additions	5,404	35,031	10	40,445
Depreciation and amortisation	3,853	137	10	4,000
Increase in fair value of investment properties	–	38,514	–	38,514
Reversal of write-down of inventories, net	8,957	–	–	8,957

Geographical segments

The Group's operations are mainly located in Hong Kong, Singapore and Malaysia. The following table provides an analysis of the Group's sales by geographical market based on location of customers, irrespective of the origin of the goods/services during the year.

	Revenue	
	Year ended 31 December 2008	**Year ended 31 December 2007**
	HK$'000	*HK$'000*
Hong Kong	2,664,373	2,590,934
Singapore	1,517,455	1,352,985
Malaysia	353,024	271,258
Others	28,480	45,326
	4,563,332	4,260,503

The following is an analysis of the carrying amount of segment assets, and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Capital additions**	
	At 31 December 2008	**At 31 December 2007**	**Year ended 31 December 2008**	**Year ended 31 December 2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	668,097	772,978	9,478	25,627
Singapore	340,207	323,712	378	13,981
Malaysia	65,740	41,176	1,343	837
Others	2,828	109	–	–
	1,076,872	1,137,975	11,199	40,445

6. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Other income comprises:		
Dividend income from available-for-sale investments	973	32
Dividend income from investments held-for-trading	5,003	4,954
Discount on early settlement to suppliers	14,096	15,296
Exchange gain, net	2,874	9,828
Gain on fair value changes on derivative financial instruments	–	184
Interest on bank deposits	2,653	4,266
Gain on disposal of available-for-sale investments	43	537
Gain on disposal of a subsidiary	–	242

Income earned on financial assets, analysed by category of asset, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Available-for-sale financial assets	1,016	569
Loans and receivables	2,653	4,266
Investments held-for-trading	5,003	4,954
Derivative financial instruments designated as FVTPL	–	184
	8,672	9,973

7. OTHER EXPENSES

	2008	2007
	HK$'000	*HK$'000*
Other expenses comprises:		
Loss on fair value changes on derivative financial instruments	578	–
Loss on deemed disposal of an associate *(note)*	819	–
Goodwill written off on acquisition of additional interests in a subsidiary	–	125
	1,397	125

Note: The loss arose from dilution of the Group's interest in an associate, SiS Distribution (Thailand) Public Company Limited ("SiS Thailand") from 49.5% to 49.1% due to issuance of new shares by SiS Thailand to its warrant holders on exercise of their rights under the warrants.

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Current tax		
Hong Kong	12,916	15,690
Overseas	392	7,978
	13,308	23,668
Under(over)provision in prior years		
Hong Kong	5	(263)
Overseas	85	7
	90	(256)
Deferred taxation *(Note 30)*		
Current year	(2,340)	11,504
Attributable to a change in tax rate	(309)	(610)
	(2,649)	10,894
Income tax expense for the year	10,749	34,306

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

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

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Profit before taxation	52,568	204,257
Tax at the domestic income tax rate of 16.5% (2007: 17.5%) *(note)*	8,674	35,745
Tax effect of share of results of associates	(4,700)	(3,177)
Tax effect of expenses not deductible for tax purpose	5,773	1,804
Tax effect of income not taxable for tax purpose	(1,630)	(5,099)
Tax effect of tax losses/deductible temporary differences not recognised	1,584	1,564
Utilisation of tax losses/deductible temporary differences previously not recognised	(1,090)	(540)
Under(over)provision of prior years' income tax	90	(256)
Effect of different tax rates of subsidiaries	(207)	276
Effect of change in tax rate	(309)	(610)
Withholding tax on share of result of an associate	1,682	4,094
Others	882	505
Tax charge for the year	10,749	34,306

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 substantially based.

10. PROFIT FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense	4,364,687	4,003,566
Staff costs *(note)*	88,346	91,158
Auditor's remuneration	1,500	1,247
Allowance for doubtful debts provided	5,865	6,626
Bad debts written off	–	695
Write-down of inventories	3,132	252
Depreciation of property, plant and equipment	4,758	3,977
Amortisation of prepaid lease payments	23	23
Total depreciation and amortisation	4,781	4,000
Operating lease rentals in respect of rented premises	13,691	9,556
Loss on disposal of property, plant and equipment	8	–
Share of tax of associates (included in share of results of associates)	4,700	3,177
and after crediting:		
Gross rental income from investment properties	10,578	8,537
Less: Direct operating expenses from investment properties that generated rental income during the year	(1,292)	(1,033)
Net rental income	9,286	7,504
Amounts recovered during the year/reversal of allowance for doubtful debts	4,559	1,973
Reversal of write-down of inventories	3,169	9,209
Gain on disposal of property, plant and equipment	–	2

Note:

Staff costs included an amount of HK$4,500,000 (2007: HK$4,923,000) and HK$2,623,000 (2007: HK$1,915,000) in respect of retirement benefit schemes contributions and share-based payments expense respectively. Emoluments to the directors set out in note 11 are also included in staff costs.

11. DIRECTORS' EMOLUMENTS

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

	Fees	Salaries and other benefits	Contributions to retirement benefit scheme	Share-based payments	2008 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Mr. Lim Siam Kwee	100	1,670	17	217	2,004
Mr. Lim Kiah Meng	100	2,405	36	217	2,758
Mr. Lim Kia Hong	100	2,411	37	217	2,765
Mr. Lim Hwee Hai	100	2,411	27	217	2,755
Madam Lim Hwee Noi	100	1,333	26	217	1,676
	500	10,230	143	1,085	11,958
Independent non-executive directors:					
Mr. Lee Hiok Chuan	180	–	–	68	248
Mr. Woon Wee Teng	180	–	–	68	248
Ms. Ong Wui Leng	180	–	–	68	248
	540	–	–	204	744
	1,040	10,230	143	1,289	12,702

	Fees	Salaries and other benefits	Contributions to retirement benefit scheme	Share-based payments	2007 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Mr. Lim Siam Kwee	110	1,864	15	158	2,147
Mr. Lim Kiah Meng	110	2,675	38	158	2,981
Mr. Lim Kia Hong	110	2,688	34	158	2,990
Mr. Lim Hwee Hai	110	2,688	23	158	2,979
Madam Lim Hwee Noi	110	1,489	22	158	1,779
	550	11,404	132	790	12,876
Independent non-executive directors:					
Mr. Lee Hiok Chuan	200	–	–	49	249
Mr. Woon Wee Teng	200	–	–	49	249
Ms. Ong Wui Leng	200	–	–	49	249
	600	–	–	147	747
	1,150	11,404	132	937	13,623

No directors waived any of their emoluments during the two years ended 31 December 2007 and 2008.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2007: four) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emolument of the remaining one (2007: one) individual was as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	1,805	1,789
Contributions to retirement benefit scheme	11	20
Share-based payment expense	153	49
	1,969	1,858

13. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
Final dividend, paid in respect of the year 2007 of 10.0 HK cents per share (2007: 8.0 HK cents per share in respect of the year 2006)	27,102	21,484
Final dividend, proposed in respect of the year 2008 of 5.0 HK cents per share (2007: 10.0 HK cents per share)	13,551	27,102

The final dividend proposed by the directors is subject to approval by the shareholders in general meeting.

14. EARNINGS PER SHARE

The calculation of both the basic and diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$41,819,000 (2007: HK$170,341,000) and the weighted average number of ordinary shares of 270,448,766 during the year (2007: 268,550,000 shares).

The diluted earnings per share does not take into account outstanding share options as at balance sheet date as the effect of potential ordinary shares to be issued on exercising the share options was anti-dilutive for both year ended 31 December 2007 and 2008.

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

15. INVESTMENT PROPERTIES

	HK$'000
At 1 January 2007	137,700
Exchange realignment	1,339
Additions	34,703
Increase in fair value recognised in the income statement	38,514
At 1 January 2008	212,256
Exchange realignment	(208)
Additions	9,227
Decrease in fair value recognised in the income statement	(24,402)
At 31 December 2008	196,873

An analysis of the investment properties of the Group by geographical location and lease term is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong		
under long lease	137,000	155,800
under medium-term lease	32,050	25,400
Singapore		
freehold	11,352	13,506
under long lease	13,450	14,650
The People's Republic of China ("PRC")		
under medium-term lease	3,021	2,900
	196,873	212,256

All of the Group's property interests held under operating leases to earn rentals and/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 Group's investment properties in Hong Kong and the PRC, and Singapore as at 31 December 2007 and 2008 have been arrived at on the basis of valuation carried out on that date by Chartered Surveyors, Messrs. CB Richard Ellis 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.

16. PROPERTY, PLANT AND EQUIPMENT

	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 2007	3,820	6,293	20,725	4,030	34,868
Exchange realignment	–	310	965	105	1,380
Additions	–	343	4,388	1,011	5,742
Disposal of a subsidiary	–	–	(155)	–	(155)
Disposals	–	(41)	(53)	(1,441)	(1,535)
At 1 January 2008	3,820	6,905	25,870	3,705	40,300
Exchange realignment	–	(142)	(476)	(17)	(635)
Additions	–	583	1,389	–	1,972
Disposals	–	–	(63)	–	(63)
At 31 December 2008	3,820	7,346	26,720	3,688	41,574
DEPRECIATION					
At 1 January 2007	386	5,732	16,419	2,518	25,055
Exchange realignment	–	275	761	51	1,087
Provided for the year	76	158	3,051	692	3,977
Eliminated on disposal of a subsidiary	–	–	(144)	–	(144)
Eliminated on disposals	–	(41)	(51)	(1,441)	(1,533)
At 1 January 2008	462	6,124	20,036	1,820	28,442
Exchange realignment	–	(113)	(399)	(18)	(530)
Provided for the year	76	245	3,689	748	4,758
Eliminated on disposals	–	–	(52)	–	(52)
At 31 December 2008	538	6,256	23,274	2,550	32,618
CARRYING VALUES					
At 31 December 2008	3,282	1,090	3,446	1,138	8,956
At 31 December 2007	3,358	781	5,834	1,885	11,858

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

Building	2% – 2.5%
Leasehold improvements	20% or the term of the lease, whichever is shorter
Furniture, fixtures and equipment	15% – 33.3%
Motor vehicles	20%

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent leasehold land in Hong Kong under long lease.

	2008	2007
	HK$'000	*HK$'000*
Carrying amount analysed for reporting purposes as:		
Current asset	23	23
Non-current asset	14,846	14,869
	14,869	14,892

18. INTERESTS IN ASSOCIATES

	2008	2007
	HK$'000	*HK$'000*
Cost of investment in associates		
Listed overseas	29,850	29,850
Unlisted	280	280
Share of post-acquisition reserves, net of dividend received	79,242	72,892
	109,372	103,022
Fair value of listed associate	83,193	108,720

Details of the associates as at 31 December 2007 and 2008 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 2008	2007	Principal activities
SiS Distribution (Thailand) Public Company Limited (listed on the Stock Exchange of Thailand)	Limited company	Thailand	Ordinary	49.1%	49.5%	Distribution of IT products
ECS Pericomp Sdn. Bhd.	Limited company	Malaysia	Ordinary	20%	20%	Marketing of microcomputers, peripherals, software and the provision of computer maintenance services
Infinitiq Solution Pte. Limited	Limited company	Singapore	Ordinary	35.7%	35.7%	Manufacture and design of IP communication solution
Havoq Research Pte. Limited	Limited company	Singapore	Ordinary	50%	50%	Research and experimental development on information technology

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

	2008	**2007**
	HK$'000	*HK$'000*
Total assets	635,812	600,554
Total liabilities	(379,067)	(363,099)
Net assets	256,745	237,455
Group's share of net assets of associates	109,372	102,117
Revenue	3,153,096	2,729,978
Profit for the year	64,446	41,679
Group's share of results of associates for the year	28,482	18,152

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

	2008	**2007**
	HK$'000	*HK$'000*
Unrecognised share of losses of associates for the year	42	26
Accumulated unrecognised share of losses of associates	947	905

19. AVAILABLE-FOR-SALE INVESTMENTS

	2008	**2007**
	HK$'000	*HK$'000*
Equity securities, listed overseas, at fair value	10,310	8,192
Club debentures, unlisted, at cost less impairment	2,300	2,300
	12,610	10,492

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

20. STAFF ADVANCES

	2008	**2007**
	HK$'000	*HK$'000*
The staff advances are analysed as follows:		
Current	491	624
Non-current	–	54
	491	678

The amounts are unsecured, interest free and repayable by monthly instalments over the period of the advances.

21. INVENTORIES

Inventories of the Group comprise of trading merchandise.

Inventories written down during the year amounted to HK$3,132,000 (2007: HK$252,000). Certain inventories previously written-down were sold during the year. As a result, a reversal of the write-down of inventories amounting to HK$3,169,000 (2007: HK$9,209,000) has been realised during the year.

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	572,042	580,677
Less: allowance for doubtful debts	(15,789)	(15,138)
	556,253	565,539
Deposits, prepayments and other receivables	21,985	19,219
	578,238	584,758

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 attributed to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 – 60 days to its trade customers. No credit period is granted to customers for provision of service and renting of properties. No interest is charged on overdue debts.

Other receivables are unsecured, interest free and repayable on demand.

The following is an aged analysis of trade receivables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	273,983	339,720
31 to 90 days	222,190	190,322
91 to 120 days	36,923	27,810
Over 120 days	23,157	7,687
	556,253	565,539

Included in the Group's trade receivable balance are debts with total carrying amount of HK$183,275,000 (2007: HK$204,674,000) 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 assessing the creditworthiness, past payment history of the debtors and settlement after the balance sheet date. No collateral is held on the receivable. 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:

	2008 *HK$'000*	2007 *HK$'000*
Overdue:		
Within 30 days	103,687	122,100
31 to 90 days	70,291	72,523
91 to 120 days	6,745	5,600
Over 120 days	2,552	4,451
	183,275	204,674

Movement in the allowance for doubtful debts are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Balance at beginning of the year	15,138	27,719
Exchange realignment	(197)	1,939
Impairment losses recognised on receivables	5,865	6,626
Amounts written off as uncollectible	(458)	(19,173)
Amounts recovered during the year	(4,559)	(977)
Impairment losses reversal	–	(996)
Balance at end of the year	15,789	15,138

23. INVESTMENTS HELD-FOR-TRADING

	2008 *HK$'000*	2007 *HK$'000*
Equity securities, listed overseas, at fair value	33,682	58,541

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

24. PLEDGED BANK DEPOSITS

Pledged bank deposits which carry fixed interest rates ranging from 2.7% to 3.7% (2007: 2.7% to 3.7%) per annum with maturity date less than six months have been pledged to secure banking facilities granted to the Group.

25. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits which carry market rates ranging from 0.1% to 8.6% (2007: 0.3% to 8.8%) 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, amounted to HK$79,343,000 (2007: HK$100,402,000).

26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accrual are trade payables of HK$305,259,000 (2007: HK$331,762,000). The following is an aged analysis of trade payables at the balance sheet date:

	2008	**2007**
	HK$'000	*HK$'000*
Within 30 days	240,777	319,304
31 to 90 days	61,316	9,288
91 to 120 days	512	627
Over 120 days	2,654	2,543
Trade payables	305,259	331,762

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

Trade payables that are denominated in United States dollars, currency other than the functional currencies of the relevant group entities, amounted to HK$170,589,000 (2007: HK$222,114,000).

27. BILLS PAYABLE

The following is an aged analysis of bill payables at the balance sheet date:

	2008	**2007**
	HK$'000	*HK$'000*
Within 30 days	65,199	36,460
31 to 90 days	9,559	20,670
	74,758	57,130

The bills payable bear effective interest at 2.7% (2007: 3.8%) per annum and are repayable within 90 days (2007: within 90 days).

28. DERIVATIVE FINANCIAL INSTRUMENTS

During the year, the Group has entered foreign currency forward contracts to manage its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies. These derivatives are not accounted for under hedge accounting.

At 31 December 2008, the Group had outstanding foreign currency forward contracts denominated in United States dollars ("US$") with total notional amount of HK$229,487,000 (2007: HK$561,925,000) which are measured at fair value at the balance sheet date. The Group has obligation, in accordance with the terms of the respective contracts, to buy US$ until maturity. The fair values of the contracts are determined based on the valuation provided by counterparties at the balance sheet date. The major terms of these outstanding foreign currency forward contracts are as follows:

Notional amount and terms	Maturity
Sell HK$11,568,750 buy US$1,500,000 if spot rate below HK$7.7125/US$1, or sell HK$3,856,250 buy US$500,000 if spot rate at or above HK$7.7125/US$1	31 January 2009 to 30 April 2009
Sell HK$11,558,250 buy US$1,500,000 if spot rate below HK$7.7055/US$1, or sell HK$3,852,750 buy US$500,000 if spot rate at or above HK$7.7055/US$1	30 January 2009 to 30 April 2009
Sell HK$23,247,000 buy US$3,000,000 if spot rate below HK$7.749/US$1, or sell HK$7,749,000 buy US$1,000,000 if spot rate at or above HK$7.749/US$1 or no settlement by both parties if the spot rate is at or above HK$7.835/US$1	7 January 2009 to 5 August 2009
Sell HK$18,511,200 buy US$2,400,000 if spot rate below HK$7.713/US$1, or sell HK$6,170,400 buy US$800,000 if spot rate at or above HK$7.713/US$1	20 January 2009 to 18 June 2010
Sell S$505,582 buy US$335,000 at the rate of S$1.5092/US$1	6 February 2009
Sell S$205,948 buy US$146,343 at the rate of S$1.4073/US$1	20 March 2009
Sell S$733,300 buy US$500,000 at the rate of S$1.4666/US$1	30 April 2009
Sell S$758,450 buy US$500,000 at the rate of S$1.5169/US$1	22 May 2009

Notional amount and terms	Maturity
Sell S$301,720 buy US$200,000 at the rate of S$1.5086/US$1	28 May 2009
Sell S$752,400 buy US$500,000 at the rate of S$1.5048/US$1	12 June 2009
Sell S$751,600 buy US$500,000 at the rate of S$1.5032/US$1	12 June 2009
Sell S$449,250 buy US$300,000 at the rate of S$1.4975/US$1	12 June 2009
Sell S$298,700 buy US$200,000 at the rate of S$1.4935/US$1	12 June 2009

29. BANK LOANS

	2008	2007
	HK$'000	*HK$'000*
Secured	27,203	83,017
Unsecured	44,436	17,126
	71,639	100,143

The bank loans carry variable interest rates ranged from 1.6% to 7.8% (2007: 1.9% to 7.8%) per annum.

Bank loans that are denominated in United States dollars, currency other than the functional currencies of the relevant group entities, amounted to HK$21,840,000 (2007: nil).

30. 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 2007	(1,353)	4,283	(1,220)	1,202	–	(8,725)	(5,813)
Exchange realignment	(116)	209	–	–	–	(569)	(476)
(Credit) charge to income statement for the year	(417)	(1,624)	(6,740)	1,360	(4,094)	11	(11,504)
Effect of change in tax rate	25	(307)	–	–	–	892	610
At 1 January 2008	(1,861)	2,561	(7,960)	2,562	(4,094)	(8,391)	(17,183)
Exchange realignment	9	(32)	–	(8)	610	72	651
(Credit) charge to income statement for the year	(572)	411	3,335	859	(1,682)	(11)	2,340
Effect of change in tax rate	–	–	455	(146)	–	–	309
At 31 December 2008	(2,424)	2,940	(4,170)	3,267	(5,166)	(8,330)	(13,883)

Others mainly represents deferred tax liabilities of approximately S$1,548,000 (equivalent to HK$8,328,000) recognised on the gain on partial disposal of a subsidiary (which has since become an associate of the Group) by a Singapore subsidiary in prior years. No tax liability was recognised in the year of disposal as the gain would not be subject to Singapore tax if the proceeds were not remitted to another Singapore entity. During the year ended 31 December 2005, the sale proceeds receivable was assigned to another Singapore subsidiary. Such transfer may give rise to potential tax liability on the gain if the assignment of the receivable is deemed as equivalent to remittance of funds to the assignee. As a result, a deferred tax liability was recognised and will be transferred to current tax liability on determination of the taxability of the gain.

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2008	**2007**
	HK$'000	*HK$'000*
Deferred tax assets	351	224
Deferred tax liabilities	(14,234)	(17,407)
	(13,883)	(17,183)

At the balance sheet date, the Group has deductible temporary differences of HK$21,397,000 (2007: HK$15,934,000) and unutilised tax losses of HK$45,907,000 (2007: HK$43,006,000).

A deferred tax asset has been recognised in respect of the tax losses of HK$19,656,000 (2007: HK$14,643,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$26,251,000 (2007: HK$28,363,000) and the deductible temporary differences due to the unpredictability of future profit streams.

31. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Amount	
	2008	**2007**	**2008**	**2007**
	'000	*'000*	*HK$'000*	*HK$'000*
Authorised	350,000	350,000	35,000	35,000
Issued and fully paid				
At beginning of year	268,550	268,550	26,855	26,855
Shares issued upon exercise of share options	2,467	–	247	–
At end of year	271,017	268,550	27,102	26,855

32. RESERVES

Details of different categories and the movements in reserves of the Group are set out in the consolidated statement of changes in equity on page 28.

Appropriations to the statutory reserve fund out of net profit after taxation each year of the Company's indirect PRC subsidiary is required under the PRC statutory requirements. The amount should not be less than 10% of the profit after taxation each year unless the aggregate amount exceeded 50% of registered capital of the subsidiary. The statutory reserve fund can be used to make up prior year losses, if any, and applied to paid-up capital of the subsidiary on approval by the relevant PRC authority.

Contributed surplus represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition of subsidiaries at the time of the Group reorganisation in preparation for listing of the Company's shares in year 1992.

33. DISPOSAL OF A SUBSIDIARY

On 29 December 2007, the Group disposed of its 75% interest in Metier Career Management Pte. Ltd. ("Metier Career"), a company registered in Singapore and its principal activities are provision of employment agencies services. The net assets of Metier Career disposed of were as follows:

	HK$'000
Property and equipment	11
Trade and other receivables	307
Bank balances and cash	712
Trade and other payables	(48)
	982
Minority interests	(245)
Net assets disposed of	737
Exchange reserve realised	(246)
Gain on disposal	242
Total consideration	733
Satisfied by:	
Cash consideration and included in other receivables as at 31 December 2007	733
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(712)

The subsidiary disposed of contributed approximately HK$1,653,000 to the Group's turnover and depleted the Group's profit from operations by approximately HK$1,084,000 for the year ended 31 December 2007.

34. 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 capital structure of the Group consists of bank loans and equity, comprising issued share capital, reserves and retained earnings. The Group's overall strategy remains unchanged for both years.

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 associates with the capital, and take appropriate actions to adjust the Group's capital structure. Based on recommendations of the management, 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.

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2008	**2007**
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	12,610	10,492
Investments at fair value through profit and loss – Investments held-for-trading	33,682	58,541
Loan and receivable (including cash and cash equivalents)	709,796	749,859
Financial liabilities		
Derivatives financial instruments	1,938	1,361
Financial liabilities stated at amortised cost	490,820	506,194

b. Financial risk management objectives

The Group's financial instruments include available-for-sale investments, investments held-for-trading, trade and other receivables, pledged bank deposits, bank balances, trade and other payables, derivatives, bank loans and bills payable. 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 which analyses exposures by degree and magnitude of risks. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

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

(i) Currency risk

Certain bank balances, bank loans and purchase of goods of the Group are denominated in United States dollars, Australian dollars, Singapore dollars and New Zealand 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 at the reporting date are as follows:

	Assets		Liabilities	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States dollar	81,127	112,896	192,429	222,114
Australian dollar	10,134	5,976	–	–
Singapore dollar	26,270	1,215	–	–
New Zealand dollar	1,505	1,889	–	–

In order to reduce the risks associated with currency fluctuation, the Group has entered into foreign currency forward contracts to monitor against its exposures to changes of United States dollars exchange rate.

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 balance sheet date.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments at that date, and all other variables are held constant.

	2008		2007	
	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
United States dollar	1.50	(1,394)	0.64	(699)
	(1.50)	1,394	(0.64)	699
Australian dollar	10.00	1,013	10.00	598
	(10.00)	(1,013)	(10.00)	(598)
Singapore dollar	10.00	2,627	10.00	122
	(10.00)	(2,627)	(10.00)	(122)
New Zealand dollar	10.00	150	10.00	189
	(10.00)	(150)	(10.00)	(189)

Sensitivity analysis of the derivative financial instruments has not been presented as the impact of the fluctuation of United States dollar, in which majority of the contracts are denominated, against Hong Kong dollar is insignificant.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the floating-rate bank loans and bills payable.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating-rate bank loans and bills payable, the analysis is prepared assuming the amounts outstanding at the balance sheet date were outstanding for the whole year. A 100 basis points (2007: 75 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2007: 75 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK$1,182,000 (2007: decrease/increase by HK$949,000).

(iii) Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management closely keep watch of the price changes and to take 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% (2007: 5%) higher/lower and all other variables were held constant the Group's post-tax profit for the year would increase/decrease by HK$3,368,000 (2007: increase/decrease by HK$2,927,000) 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% (2007: 5%) higher, the Group's available-for-sale investments and investment reserve would increase by HK$1,031,000 (2007: HK$410,000). If the price had been 10% lower, the available-for-sale investments and the investment reserve would decrease by HK$1,031,000 (2007: HK$410,000). However, any significant or prolonged decrease in the fair value of available-for-sale investments below the Group's cost may indicate an impairment on those investments.

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 balance sheet.

In order to minimise the credit risk, the management of the Group has delegated certain staff for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date 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 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. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

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.

	Interest rate at balance sheet date	Less than 3 months	3-6 months	7-12 months	1-2 years	Total undiscounted cash flows	Carrying amount at 31/12/2008
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008							
Non-derivative financial liabilities							
Trade and other payables	N/A	(344,212)	(211)	–	–	(344,423)	(344,423)
Bills payables	2.7	(76,806)	–	–	–	(76,806)	(74,758)
Bank loans	1.6 – 7.8	(72,293)	–	–	–	(72,293)	(71,639)
		(493,311)	(211)	–	–	(493,522)	(490,820)
Derivative financial liabilities							
Foreign exchange forward contacts							
– cash inflows		68,298	69,979	52,292	36,912	227,481	
– cash outflows		(68,713)	(71,232)	(52,520)	(37,022)	(229,487)	
		(415)	(1,253)	(228)	(110)	(2,006)	(1,938)

	Interest rate at balance sheet date	Less than 3 months	3-6 months	7-12 months	1-2 years	Total undiscounted cash flows	Carrying amount at 31/12/2007
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007							
Non-derivative financial liabilities							
Trade and other payables	N/A	(348,921)	–	–	–	(348,921)	(348,921)
Bills payables	3.8	(59,278)	–	–	–	(59,278)	(57,130)
Bank borrowings	3.9	(104,053)	–	–	–	(104,053)	(100,143)
		(512,252)	–	–	–	(512,252)	(506,194)
Derivative financial liabilities							
Foreign exchange forward contacts							
– cash inflows		65,632	93,745	185,736	216,812	561,925	
– cash outflows		(66,146)	(93,970)	(186,210)	(216,960)	(563,286)	
		(514)	(225)	(474)	(148)	(1,361)	(1,361)

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 on active liquid markets are determined with reference to quoted market prices; and

- 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 using prices or rates from observable current market transactions and dealer quotes for similar instruments.

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

36. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Within one year	13,447	12,617
In the second to fifth year inclusive	1,922	12,704
	15,369	25,321

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

The Group as lessor

At the balance sheet date, the Group had contracted with lessees for the following future minimum lease payments:

	2008	**2007**
	HK$'000	*HK$'000*
Within one year	9,232	7,583
In the second to fifth year inclusive	1,939	4,021
	11,171	11,604

37. 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 and its subsidiaries and associates, and third parties with a view to maintain business relationship with such persons to subscribe for shares of the Company.

On 20 August 2007, 4,750,000, 5,000,000 and 400,000 numbers of share options were granted to certain directors, employees and directors of an associate respectively, pursuant to the Scheme at an exercise price of HK$1.72 per share and at a cash consideration of HK$10.00 per grantee. Details of the options are as follows:

Number of share options outstanding at 31 December 2008	Vesting period	Exercise period
849,996	21 August 2007 – 18 February 2008	18 February 2008 – 20 May 2017
3,316,667	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017
3,316,676	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017

The movements in the options are as follows:

Grantee	At 1 January 2007	Granted during the year	Forfeited during the year	At 31 December 2007	Exercised during the year	At 31 December 2008
Directors	–	4,750,000	–	4,750,000	(1,583,329)	3,166,671
Employees and others	–	5,400,000	(200,000)	5,200,000	(883,332)	4,316,668
	–	10,150,000	(200,000)	9,950,000	(2,466,661)	7,483,339

The weighted average share price at the date of exercise of the share options during the year was HK$1.96.

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%

38. RETIREMENT BENEFIT SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

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.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee's basic salary. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

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.

39. PLEDGE OF ASSETS

At 31 December 2008, certain of the Group's investment properties and bank deposits with carrying values of HK$40,000,000 (2007: HK$44,800,000) and HK$20,369,000 (2007: HK$20,698,000) respectively were pledged to secure general banking facilities granted to the Group.

40. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales of goods	–	3,078	–	–
Purchase of goods	258	3,115	–	–
Income from management service	1,759	1,578	–	–
Operating lease rentals expense	–	–	10,062	6,338
Amount due from related parties at 31 December included in trade receivables	60	104	–	–

A director and/or his spouse has/have controlling interest in the related companies.

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 11. The remuneration of directors are determined by the Remuneration Committee having regard to the Company's operating result, performance of individuals and market trends.

41. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2007 and 2008 are as follows:

Name of subsidiary	Country of incorporation or registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2008	2007	2008	2007	
				%	%	%	%	
Direct subsidiaries:								
SiS Distribution Limited	British Virgin Islands	Ordinary	US$45,001	100	100	–	–	Investment holding
SiS Investment Holdings Limited	British Virgin Islands	Ordinary	US$1	100	100	–	–	Investment holding
SiS TechVentures Corp.	British Virgin Islands	Ordinary	US$1	100	100	–	–	Investment holding

Name of subsidiary	Country of incorporation or registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2008	2007	2008	2007	
				%	%	%	%	
Indirect subsidiaries:								
Computer Zone Limited	Hong Kong	Ordinary	HK$2	–	–	100	100	Property investment
Ever Wealthy Limited	Hong Kong	Ordinary	HK$1	–	–	100	–	Inactive
Faith Prosper Ltd.	British Virgin Islands	Ordinary	US$1	–	–	100	100	Inactive
Gold Kite Limited	Hong Kong	Ordinary	HK$1	–	–	100	–	Investment holding
Maxima Technology Limited	British Virgin Islands	Ordinary	US$1	–	–	100	100	Inactive
Qool Labs Pte. Ltd.	Singapore	Ordinary	S$2	–	–	100	100	Distribution of IT products
SiS Asia Pte. Ltd.	Singapore	Ordinary	S$2	–	–	100	100	Provision of hardware and software services and corporate management services
SiS Capital Limited	Hong Kong	Ordinary	HK$1	–	–	100	–	Inactive
SiS China Limited	Hong Kong	Ordinary	HK$2	–	–	100	100	Property investment
SiS Distribution (M) Sdn. Bhd.	Malaysia	Ordinary	RM$7,500,000	–	–	100	100	Distribution of IT products
SiS HK Limited	Hong Kong	Ordinary	HK$400,000	–	–	100	100	Investment holding
SiS International Limited	Hong Kong	Ordinary	HK$100,000	–	–	100	100	Distribution of IT products
SiS International Trading (Shanghai) Co., Ltd. *(note)*	PRC	Registered capital	US$200,000	–	–	100	100	Inactive
SiS Macau Limited	Macau	Ordinary	MOP25,000	–	–	100	100	Distribution of IT products

Name of subsidiary	Country of incorporation or registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2008	2007	2008	2007	
				%	%	%	%	
SiS Netrepreneur Ventures Corp.	British Virgin Islands	Ordinary	US$1	–	–	100	100	Investment holding
SiS Technologies Pte. Ltd.	Singapore	Ordinary	S$1,000,000	–	–	100	100	Distribution of IT products
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Ordinary	S$2	–	–	100	100	Investment holding
SiS Network Sdn. Bhd.	Malaysia	Ordinary	RM$2	–	–	–	100	Inactive
Tallgrass Technologies Sdn. Bhd.	Malaysia	Ordinary	RM$2	–	–	–	100	Inactive

Note: Wholly-owned foreign enterprise registered in the PRC

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

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008 and 2009 together with the accompanying notes are extracted from the interim report of the Company for the six months ended 30 June 2009.

Condensed Consolidated Income Statement
For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	**2008**
		(unaudited)	**(unaudited)**
	NOTES	*HK$'000*	*HK$'000*
Revenue	*3*	1,745,696	2,381,171
Cost of sales		(1,673,104)	(2,280,289)
Gross profit		72,592	100,882
Other income		20,394	19,584
Distribution costs		(33,425)	(38,167)
Administrative expenses		(34,825)	(39,465)
Loss on disposal of a subsidiary		(2,254)	–
Change in fair value of investment properties		5,000	25,605
Share of results of associates		12,691	15,600
Finance costs		(1,598)	(2,688)
Profit before taxation		38,575	81,351
Income tax expense	*4*	(5,826)	(11,051)
Profit for the period attributable to owners of the Company	*5*	32,749	70,300
Dividends	*6*	13,551	27,102
Earnings per share – basic	*7*	12.08 HK cents	26.07 HK cents
– diluted		12.08 HK cents	26.03 HK cents

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	**2008**
		(unaudited)	**(unaudited)**
	NOTES	*HK$'000*	*HK$'000*
Profit for the period	*5*	32,749	70,300
Other comprehensive income:			
Gain on fair value changes of available-for-sale investments		4,069	2,808
Exchange realignment arising on translation of foreign operations		(1,137)	6,087
Share of exchange reserve of associates		2,099	(10,608)
Reclassification of the cumulative exchange difference to profit or loss upon disposal of a subsidiary		2,254	–
Other comprehensive income (expense) for the period attributable to owners of the Company		7,285	(1,713)
Total comprehensive income for the period		40,034	68,587

Condensed Consolidated Statement of Financial Position
At 30 June 2009

	NOTES	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Non-current assets			
Investment properties	8	201,735	196,873
Property, plant and equipment	8	8,118	8,956
Prepaid lease payments		14,835	14,846
Interests in associates		116,412	109,372
Available-for-sale investments		16,678	12,610
Deferred tax assets		351	351
		358,129	343,008
Current assets			
Inventories		243,536	297,567
Trade and other receivables, deposits and prepayments	9	504,043	578,238
Staff advances		5	491
Tax recoverable		–	1,864
Prepaid lease payments		23	23
Investments held-for-trading		32,017	33,682
Pledged bank deposits		20,299	20,369
Bank balances and cash		249,312	131,096
		1,049,235	1,063,330
Current liabilities			
Trade payables, other payables and accruals	10	454,193	407,578
Bills payable	11	29,848	74,758
Dividend payable		13,551	–
Derivative financial instruments		665	1,938
Tax payable		9,312	6,873
Bank loans	12	27,830	71,639
		535,399	562,786
Net current assets		513,836	500,544
Total assets less current liabilities		871,965	843,552
Non-current liabilities			
Deferred tax liabilities		15,581	14,234
Net assets		856,384	829,318
Capital and reserves			
Share capital	13	27,102	27,102
Share premium		58,238	58,238
Reserves		27,702	20,753
Retained profits		743,342	723,225
Total equity		856,384	829,318

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Investments reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2008 (audited)	26,855	52,834	2,860	5,200	31,603	919	1,915	708,508	830,694
Profit for the period	–	–	–	–	–	–	–	70,300	70,300
Gains on fair value changes of available-for-sale investments	–	–	–	2,808	–	–	–	–	2,808
Exchange realignment arising on translation of foreign operations	–	–	–	–	5,884	203	–	–	6,087
Share of exchange reserve of associates	–	–	–	–	(10,608)	–	–	–	(10,608)
Total comprehensive income for the period	–	–	–	2,808	(4,724)	203	–	70,300	68,587
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,624	–	1,624
Ordinary shares issued upon exercise of share options	247	5,404	–	–	–	–	(1,408)	–	4,243
Dividend declared	–	–	–	–	–	–	–	(27,102)	(27,102)
At 30 June 2008 (unaudited)	27,102	58,238	2,860	8,008	26,879	1,122	2,131	751,706	878,046
At 1 January 2009 (audited)	27,102	58,238	2,860	109	13,735	919	3,130	723,225	829,318
Profit for the period	–	–	–	–	–	–	–	32,749	32,749
Gains on fair value changes of available-for-sale investments	–	–	–	4,069	–	–	–	–	4,069
Exchange realignment arising on translation of foreign operations	–	–	–	–	(1,137)	–	–	–	(1,137)
Share of exchange reserve of associates	–	–	–	–	2,099	–	–	–	2,099
Reclassification of the cumulative exchange difference to profit or loss upon disposal of a subsidiary	–	–	–	–	2,254	–	–	–	2,254
Total comprehensive income for the period	–	–	–	4,069	3,216	–	–	32,749	40,034
Recognition of equity-settled share based payments	–	–	–	–	–	–	583	–	583
Transfer to retained profits upon disposal of a subsidiary	–	–	–	–	–	(919)	–	919	–
Dividend declared	–	–	–	–	–	–	–	(13,551)	(13,551)
At 30 June 2009 (unaudited)	27,102	58,238	2,860	4,178	16,951	–	3,713	743,342	856,384

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
NET CASH FROM OPERATING ACTIVITIES	151,543	32,127
INVESTING ACTIVITIES		
Dividend received from associates	7,750	6,140
Dividend received from equity investments	2,412	2,829
Purchase of available-for-sale investments	–	(4,118)
Acquisition of investment properties	–	(9,227)
Other investing cash flows	(168)	701
NET CASH FROM (USED IN) INVESTING ACTIVITIES	9,994	(3,675)
FINANCING ACTIVITIES		
Issue of shares upon exercise of share options	–	4,243
New bank loans raised	95,732	269,338
Repayment of bank loans	(138,929)	(311,652)
NET CASH USED IN FINANCING ACTIVITIES	(43,197)	(38,071)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,340	(9,619)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	131,096	157,182
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(124)	2,043
CASH AND CASH EQUIVALENTS AT 30 JUNE	249,312	149,606

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2009

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 and details are set out in note 3. The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early adopted the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the adoption of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, executive directors, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of types of business, i.e. distribution of IT products and property investment. However, information reported to the Group's chief operating decision maker, executive directors, for the purposes of resource allocation and performance assessment focuses on each of the geographical location, i.e. Hong Kong, Singapore and Malaysia in relation to distribution of IT products and on property investment. Amounts reported for the prior period have been restated to conform with the current period's presentation.

Below is an analysis of the Group's revenue and results by operating segment for the period:

	For the six months ended 30 June 2009 (unaudited)					
	Distribution of IT products					
	Hong Kong	Singapore	Malaysia	Total	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External sales	1,032,949	529,789	177,776	1,740,514	5,182	1,745,696
Segment profit	24,230	1,852	645	26,727	9,482	36,209
Other unallocated income						2,813
Other income from investments held-for-trading and available-for-sale investments						746
Share of results of associates						12,691
Loss on disposal of a subsidiary						(2,254)
Finance costs						(1,598)
Unallocated corporate expenses						(10,032)
Profit before taxation						38,575

	For the six months ended 30 June 2008 (unaudited)					
	Distribution of IT products					
	Hong Kong	Singapore	Malaysia	Total	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External sales	1,371,599	823,759	180,715	2,376,073	5,098	2,381,171
Segment profit (loss)	43,261	(518)	7,580	50,323	28,246	78,569
Other unallocated income						5,047
Other income from investments held-for-trading and available-for-sale investments						592
Share of results of associates						15,600
Finance costs						(2,688)
Unallocated corporate expenses						(15,769)
Profit before taxation						81,351

The Group does not allocate central administration costs, dividends from investments, share of results of associates, loss on disposal of a subsidiary, finance costs and other corporate expenses to individual reportable segments.

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong	4,015	7,049
Overseas	555	265
	4,570	7,314
Deferred taxation		
Current period	1,256	3,295
Attributable to a change in tax rate	–	442
	1,256	3,737
Income tax expense for the period	5,826	11,051

Hong Kong Profits Tax is provided at the rate of 16.5% on the estimated assessable profit for the period.

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

5. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Allowance (reversal of allowance) for doubtful debts provided	2,084	(1,638)
(Write back of allowance) allowance for inventories, net	(37)	289
Depreciation of property, plant and equipment	1,629	2,371
Amortisation of prepaid lease payments	11	11
Total depreciation and amortisation	1,640	2,382
Loss on disposal of property, plant and equipment	1	7
Changes in fair value of investments held-for-trading	1,666	2,280
and crediting:		
Dividend income from available-for-sale investments	27	17
Dividend income from investments held-for-trading	2,385	2,812
Exchange gain, net	8,615	6,193
Changes in fair value of derivative financial instruments	1,273	765
Interest on bank deposits	489	1,836
Gain on disposal of available-for-sale investments	–	43

6. DIVIDENDS

	For the six months ended 30 June	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Dividend recognised as distribution during the period in respect of final dividend for the financial year ended 31 December 2008 of 5.0 HK cents per share (2008: for the year ended 31 December 2007 of 10.0 HK cents per share)	13,551	27,102

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2009 and 2008.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share, profit for the period attributable to owners of the Company	32,749	70,300
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	271,017	269,704
Effect of dilutive potential ordinary shares of share options	–	355
Weighted average number of ordinary shares for the purpose of diluted earnings per share	271,017	270,059

The diluted earnings per share does not take into account outstanding share options as at balance sheet date as the effect of potential ordinary shares to be issued on exercising the share options was anti-dilutive for the six months ended 30 June 2009. The effect of dilutive potential ordinary shares of an associate is considered to be insignificant.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$nil (six months ended 30 June 2008: HK$9,227,000) and HK$857,000 (six months ended 30 June 2008: HK$693,000) on acquisition of investment properties and property, plant and equipment respectively.

The fair values of the Group's investment properties were determined by the directors with reference to market evidence of recent transaction prices for similar properties. The resulting increase in fair value of investment properties of HK$5,000,000 has been recognised directly in profit or loss for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$25,605,000).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayment are trade receivables of HK$495,751,000 (31 December 2008: HK$556,253,000). The following is an aged analysis of trade receivables at the reporting date:

	30 June 2009 (unaudited) *HK$'000*	**31 December 2008 (audited)** *HK$'000*
Within 30 days	313,686	273,983
31 to 90 days	138,624	222,190
91 to 120 days	27,120	36,923
Over 120 days	16,321	23,157
Trade receivables	495,751	556,253

The Group maintains a defined credit policy. For sales of goods, the Group allows an average credit period of 30 – 60 days to its trade customers. No credit is granted to customers for provision of service and renting of properties. No interest is charged on overdue debts.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accrual are trade payables of HK$356,682,000 (31 December 2008: HK$305,259,000). The following is an aged analysis of trade payables at the reporting date:

	30 June 2009 (unaudited) *HK$'000*	**31 December 2008 (audited)** *HK$'000*
Within 30 days	293,911	240,777
31 to 90 days	58,989	61,316
91 to 120 days	2,349	512
Over 120 days	1,433	2,654
Trade payables	356,682	305,259

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

11. BILLS PAYABLE

The age of the bills payable as at 30 June 2009 and 31 December 2008 are both within 90 days.

12. BANK LOANS

	30 June 2009 (unaudited) *HK$'000*	**31 December 2008 (audited)** *HK$'000*
Secured	27,830	27,203
Unsecured	–	44,436
	27,830	71,639

The bank loans carry variable rates at inter-bank borrowing rates plus 1.00% to 1.25% per annum, and the effective interest rates ranged from 3.06% to 4.79% (31 December 2008: 1.60% to 7.80%) per annum during the period.

13. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Amount	
	30 June 2009	**31 December 2008**	**30 June 2009**	**31 December 2008**
	'000	*'000*	*HK$'000*	*HK$'000*
Authorised	350,000	350,000	35,000	35,000
Issued and fully paid:				
At beginning of period/year	271,017	268,550	27,102	26,855
Shares issued upon exercise of share options	–	2,467	–	247
At end of period/year	271,017	271,017	27,102	27,102

14. PLEDGE OF ASSETS

At 30 June 2009, certain of the Group's assets with a carrying values of HK$60,299,000 (31 December 2008: HK$60,369,000) were pledged to secure general banking facilities granted to the Group. The carrying values of these assets are analysed as follows:

	30 June 2009 (unaudited)	**31 December 2008 (audited)**
	HK$'000	*HK$'000*
Investment properties	40,000	40,000
Bank deposits	20,299	20,369
	60,299	60,369

15. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	For the six months ended 30 June			
	2009 (unaudited) *HK$'000*	2008 (unaudited) *HK$'000*	2009 (unaudited) *HK$'000*	2008 (unaudited) *HK$'000*
Purchase of goods	426	258	–	–
Income from management service	924	917	–	–
Operating lease rental expense	–	–	4,673	5,053

	30 June 2009 (unaudited) *HK$'000*	31 December 2008 (audited) *HK$'000*	30 June 2009 (unaudited) *HK$'000*	31 December 2008 (audited) *HK$'000*
Amount due from related parties at reporting date included in other receivables	201	60	–	–

A director and/or his spouse has/have controlling interest in the related companies.

Apart from the above, remunerations paid or payable to the directors of the Company for the six months ended 30 June 2009 amount to HK$5,149,000 (six months ended 30 June 2008: HK$7,142,000) including share-based payment expense of HK$286,000 (six months ended 30 June 2008: HK$796,000).

16. COMMITMENTS

As at 30 June 2009, the Group had committed to acquire 10% equity interest in an unlisted company at a cash consideration of Baht 34,020,000, equivalent to approximately HK$7,757,000.

4. WORKING CAPITAL

After taking into account the expected Completion of the Acquisition of the Property and the present internal financial resources available as well as the available banking facilities, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

5. INDEBTEDNESS

Borrowings

At the close of business on 30 September 2009, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding bank borrowings:

Bank borrowings:

	HK$'000
Secured	27,161
Unsecured	10,121
	37,282

The secured bank borrowings were secured by certain of the Group's investment properties and bank deposits with carrying value of HK$40,000,000 and HK$20,662,000 respectively.

Save as aforesaid and apart from intra-group liabilities, the Group did not, at the close of business on 30 September 2009, have any outstanding mortgages, charges, debentures or other loan capital, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 September 2009.

6. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in distribution of information technologies and related hardware and software products, investment trading and property investment. The Acquisition allows the Group to enlarge its investment property portfolio and increase its long term rental income. As at 30 June 2009, the Group's net current assets were HK$514 million with cash balance of HK$249 million and the debt to shareholders' fund ratio was 6.7%. After the Completion of the Acquisition, which will be funded by internal resources and new bank borrowings, the Directors expect that the Group's financial position shall remain solid.

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地產代理（公司）牌照號碼
Estate Agent's Licence No: C-004065

Our Reference: V/M092901/GIP/SLI

29 October 2009

The Board of Directors
SiS International Holdings Limited/
SiS Capital Limited
301 Eastern Harbour Centre
28 Hoi Chok Street
Quarry Bay, Hong Kong

Dear Sirs,

RE: VALUATION FOR 8TH FLOOR, NO. 9 QUEEN'S ROAD CENTRAL, HONG KONG (THE "PROPERTY")

We refer to the instruction from SiS International Holdings Limited ("the Instructing Party") for us to carry out a valuation of the Property for circulation to shareholders purpose. Details of the Property are set out in the attached valuation certificate. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property at 16 October 2009 ("the Date of Valuation").

VALUATION BASIS, ASSUMPTIONS AND METHODOLOGY

Our valuation is prepared in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors.

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have not undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory that no extraordinary expenses or delays will be incurred during the construction period due to any archaeological or ecological matter.

We have inspected the Property to such extent that we consider necessary for the purpose of this valuation. We have not carried out land survey to verify the site boundaries of the Property. We have not investigated the site to determine the suitability of soil conditions and the availability of services etc. for future development uses. Our report is prepared on the assumption that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of the land, if any, which may have occurred as a result of past usage.

SOURCE OF INFORMATION

We have relied to a considerable extent on information given by the Instructing Party, and have accepted the advice given to us on all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are based on our measurements taken from plans and therefore are only approximations.

Whilst we have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries, we have not scrutinised the original documents to verify the correctness of the information or to ascertain subsequent amendments, if any, which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, which is material to valuation. We were also advised by the Instructing Party that no material facts have been omitted from the information provided to us.

We have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership. All documents and leases have been used for reference only.

COPYRIGHT AND DISCLAIMERS

Copyright in any written work, drawing, compilation, table, graph and similar works created by or on behalf of CBRE shall remain with us. Neither the whole nor any part of any valuation report or any reference to the same may be included in any document, circular or statement published by or on behalf of the Instructing Party without our written approval as to the form and content in which it may appear. Such reproduction by the Instructing Party of any part of any valuation report without consent will constitute a breach of copyright.

The liability of CBRE and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted. Save and except of any negligence of CBRE in carrying out the valuations, the Instructing Party agrees to indemnify and hold us harmless against and from any losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become the subject in connection with this engagement. The Instructing Party's obligation for indemnification and reimbursement shall extend to any controlling person of CBRE including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, such liability will be limited to three times of the amount of fees we received for this engagement.

REMARKS

We declare hereby that we are independent to the Instructing Party and we are not interested directly or indirectly in any shares in any member of the Instructing Party. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any shares in any member of the Instructing Party.

We enclose herewith a summary of valuation and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Gary Ip *MHKIS MRICS RPS(GP)*
Senior Director
Valuation & Advisory Services

Encl.

SUMMARY OF VALUE

Property	Market Value as at 16 October 2009
8th Floor, No. 9 Queen's Road Central, Hong Kong	HK$208,000,000

VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Market value in the existing state as at 16 October 2009
8th Floor, No. 9 Queen's Road Central, Hong Kong 500/23,086 shares of and in the Section A, Section B, Remaining Portion of Section C and Remaining Portion of Marine Lot No. 101; Remaining Portion of Section A of Marine Lot No. 102; Section C of Marine Lot No. 103 and Remaining Portion of Inland Lot No. 514 The property is held under Government Leases for a term of 999 years commencing from 16 November 1855 (ML 103 S.C; ML 102 R.P. S.A; ML 101 R.P. S.A & S.B, S.C R.P.) and 21 January 1857 (IL 514 R.P.). The annual Government Rent is of nominal amount.	The property comprises the whole of 8th Floor of No. 9 Queen's Road Central which is completed in 1991. It is of an irregular shape with a gross floor area of approximately 1,274.71 sq m or 13,721 sq ft and a saleable area of approximately 1,001.30 sq m or 10,778 sq ft. The Saleable Area is defined as the floor area exclusively allocated to the unit but excluding common area such as staircases. The lavatories of the Property have been included as part of the Saleable Area. It is measured to the exterior of the enclosing walls of the unit. Enclosing wall separating the unit from the common areas is deemed an external wall and its full thickness has been included.	We are instructed to value the Property in its existing state. Upon our external inspection, the Property was currently vacant.	HK$208,000,000 (HONG KONG DOLLARS TWO HUNDRED AND EIGHT MILLION)

Notes:

1. The registered owner of the property is Well Nice Enterprises according to an Assignment dated 31 July 2008 registered vide Memorial No. 08081201740013.

2. The property is subject to the following encumbrances:

    a. Deed of Variation of Lease with Plan Re ML 101 S.A, S.B, S.C R.P. & R.P. dated 27 July 1988 registered vide Memorial No. UB3788996;

    b. Deed of Confirmation with Plan Re ML 101 S.A, S.B, S.C R.P. & R.P. dated 10 August 1988 registered vide Memorial No. UB3796293;

c. Deed of Easement with Plan Re ML 103 S.A, S.B, S.C & ML102 S.A RP dated 10 April 1991 registered vide Memorial No. UB4775253;

d. Deed of Dedication with Plan in favour of the Government of Hong Kong Re Part of IL 514 R.P., ML 101 S.A, S.B, S.C R.P., R.P. & ML 102 S.A R.P. dated 3 September 1991 registered vide Memorial No. UB4998195;

e. Modification Letter Re ML 101 S.A, S.B, S.C R.P. & R.P. dated 18 September 1991 registered vide Memorial No. UB4998197;

f. Modification Letter Re ML 102 S.A R.P. dated 18 September 1991 registered vide Memorial No. UB4998198;

g. Modification Letter Re IL 514 R.P. dated 18 September 1991 registered vide Memorial No. UB4998199;

h. Deed of Grant of Easements with Plan dated 7 April 1992 registered vide Memorial No. UB5269443;

i. Letter of Schedule of Distribution of Undivided Shares from Innsbuck Company Limited to Land Office dated 20 October 1992 registered vide Memorial No. UB5466860;

j. Confirmatory Deed Re M.L. 102 S.A R.P. & M.L. 103 S.C dated 26 March 1993 registered vide UB5594689;

k. Letter (Revised Allocation of Undivided Shares) from Innsbuck Company Limited to Land Registry dated 21 June 1993 registered vide Memorial No. UB5691268;

l. Consent (Related to Sea Water Pipes Supply) from HKL (Nine Queen's Road Central Limited) to the Hongkong Land Property Company Limited dated 29 June 1993 registered vide Memorial No. UB5697985;

m. Deed of Grant of Easements with Plan for Lots affected see Mem. Re the buildings erected thereon incl. Edingburg Tower & Portions of the Atrium, the Land Mark dated 30 June 1993 registered vide Memorial No. UB5697986;

n. Deed of Mutual Covenant and Management Agreement with Plans in favour of HKL (Nine Queen's Road Central) Management Limited "The Manager" dated 30 June 1993 registered vide Memorial No. UB5711938;

o. Notice of Merger in favour of United Overseas Bank Limited "New Mortgagee" with Certified Copy of Certificate of Approval Annexed of Overseas Union Bank Limited dated 2 January 2002 registered vide Memorial No. UB8581370;

p. Deed of Grant of Easements dated 21 January 2002 registered vide Memorial No. UB8614256; and

q. Mortgage in favour of Hannford Finance Limited to secure all sums of money including General Credit Facilities dated 31 July 2008 registered vide Memorial No. 08081201740026.

3. The property is within an area zoned "Commercial" under the Approved Central District Outline Zoning Plan No. S/H4/12 approved on 18 February 2003.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AFTER THE COMPLETION OF THE ACQUISITION

The unaudited pro forma statement of assets and liabilities of the Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2009 as set out in Appendix I to this circular and adjusts for the Acquisition to illustrate how the Acquisition might have affected the financial position of the Group as if the Acquisition had taken place on 30 June 2009. As the unaudited pro forma statement of assets and liabilities is prepared for illustrative purposes only, it may not purport to represent what the financial position of the Group would have been on actual completion of the Acquisition.

	Before the acquisition	**Pro forma adjustment**	**After the acquisition**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Investment properties	201,735	211,324	413,059
Property, plant and equipment	8,118		8,118
Prepaid lease payments	14,835		14,835
Interest in associates	116,412		116,412
Available-for-sale investments	16,678		16,678
Deferred tax assets	351		351
	358,129		569,453
Current Assets			
Inventories	243,536		243,536
Trade and other receivables, deposits and prepayments	504,043		504,043
Staff advances	5		5
Prepaid lease payments	23		23
Investments held-for-trading	32,017		32,017
Pledged bank deposits	20,299		20,299
Bank balances and cash	249,312	(211,324)	37,988
	1,049,235		837,911
Current liabilities			
Trade payables, other payables and accruals	454,193		454,193
Bills payable	29,848		29,848
Dividend payable	13,551		13,551
Derivative financial instruments	665		665
Tax payable	9,312		9,312
Bank loans	27,830		27,830
	535,399		535,399
Net Current assets	513,836		302,512

	Before the acquisition	Pro forma adjustment	After the acquisition
	HK$'000	*HK$'000*	*HK$'000*
Total assets less current liabilities	871,965		871,965
Non-current liabilities			
Deferred tax liabilities	15,581		15,581
Net assets	856,384		856,384

Note:

The adjustment is to reflect the acquisition of the property at a purchase price of HK$203,000,000, stamp duty payable of HK$7,613,000 and other expenses of HK$711,000.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SIS INTERNATIONAL HOLDINGS LIMITED

We report on the unaudited pro forma financial information of SiS International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the property located at the eighth floor of No. 9 Queen's Road Central, Hong Kong ("the Acquisition") might have affected the financial position of the Group, for inclusion in Appendix III of the circular dated 16 November 2009 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages 83 to 84 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2009 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 November 2009

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO); or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company ("**Model Code**") 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 Siam Kwee (deceased on 7 May 2009)	8,157,066	–	–	–	8,157,066	3.01%
Lim Kiah Meng	2,797,866	83,333	534,000	178,640,000	182,055,199	67.17%
Lim Kia Hong	2,797,866	83,333	–	178,640,000	181,521,199	66.98%
Lim Hwee Hai *(Note 3)*	2,797,866	2,542,666	–	–	5,340,532	1.97%
Lim Hwee Noi *(Note 3)*	2,542,666	2,797,866	–	–	5,340,532	1.97%
Lee Hiok Chuan	83,333	–	–	–	83,333	0.03%
Woon Wee Teng	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) 2,797,866 shares and 2,542,666 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.

(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 as follows.

Date of grant	Vesting period	Exercisable period	Exercise price *HK$*	Number of share options outstanding at the Latest Practicable Date
Lim Siam Kwee (deceased on 7 May 2009)				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667
Lim Kiah Meng and spouse				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001
Lim Kia Hong and spouse				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001

Date of grant	Vesting period	Exercisable period	Exercise price	Number of share options outstanding at the Latest Practicable Date
			HK$	
Lim Hwee Hai				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667
Lim Hwee Noi				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667
Lee Hiok Chuan				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
Woon Wee Teng				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
Ong Wui Leng				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
				3,500,005

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

5. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

(i) the Share Sale Agreement between SiS Investment Holdings Limited and ECS ICT Berhad dated 18 June 2009 for the sales of 80,000 ordinary shares of RM1.00 each in ECS Pericomp Sdn Bhd, at the consideration of RM6,900,000 (equivalent to approximately HK$15,180,000); and

(ii) the Provisional S&P Agreement.

6. EXPERTS AND CONSENT

The following is the qualification of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
CB Richard Ellis Limited	Independent Qualified Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

Each of CB Richard Ellis Limited and Deloitte Touche Tohmatsu has confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of CB Richard Ellis Limited and Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinions prepared for the purpose of incorporation in this circular, and the references to its name and opinions in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited consolidated accounts of the Group have been made up.

8. COMPETING INTERESTS

None of the Directors and his associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

9. LITIGATION

As of the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. GENERAL

(i) The Company Secretary of the Company is Ms. Chiu Lai Chun, Rhoda, associated member of Hong Kong Institute of Certified Public Accountants;

(ii) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda;

(iii) The Company's Branch Share Registrar in Hong Kong is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and

(iv) In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 301, Eastern Harbour Centre, 28 Hoi Chak Street, Quarry Bay, Hong Kong up to and including 2 December 2009:

(i) this circular;

(ii) the Bye-Laws of the Company;

(iii) the consolidated audited financial statements of the Group for the years ended 31 December 2007 and 31 December 2008;

(iv) the letter from Deloitte Touche Tohmatsu in respect of the pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;

(v) the letter and valuation certificate prepared by CB Richard Ellis Limited, the text of which is set out in Appendix II to this circular;

(vi) the letters of consents referred to under the section headed "Experts and Consents" in this appendix; and

(vii) the material contracts referred to under the section headed "Material Contracts" in this appendix.