

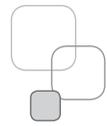


SiS International Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 529)

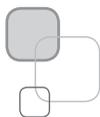
INTERIM REPORT
2011





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MESSAGE FROM THE CHAIRMAN & CEO

Dear Shareholders,

I am extremely pleased to present to our shareholders record profits and sterling performance for the Group for the six months ending 30 June 2011. Net profit for the Group increased 908% to HK\$582,446,000 as compared to HK\$57,795,000 for the same period last year as a result of disposing of several of the Group's subsidiaries. Sales revenue from the Group's continuing operations increased 2,051% to HK\$264 million from HK\$12 million. Net assets value increased to HK\$1,809 million (HK\$6.5 per share) from HK\$1,257 million (HK\$4.5 per share), representing a 44% growth from 31 December 2010.

Financial Results Highlights:

Continuing operations

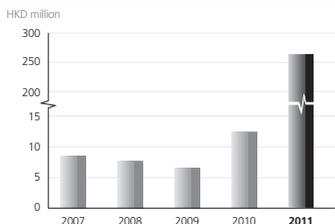
Revenue:	up 2,051% to HK\$264 million
Profit before taxation:	up 139% to HK\$33 million
Net profit:	up 145% to HK\$31 million
Earnings per share:	up 140% from 4.7 HK cents to 11.3 HK cents

Continuing and discontinued operations

Net profit:	up 908% to HK\$582 million
Earnings per share:	up 895% from 21.3 HKcents to 212 HKcents
Returned on capital employed:	32%
Net assets value per share:	HK\$6.5

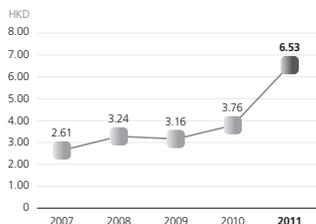
Revenue from continuing business

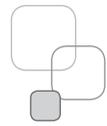
For the six months ended 30 June



Net asset value per share

As at 30 June





Business Review

The Group turned in record performance for the first half of 2011.

(1) IT and Mobile Products Distribution Business

The Group recorded profit of HK\$551 million from the completion of the disposal of all its interests in three of its wholly owned subsidiaries engaging in IT (2-tier) distribution business in Hong Kong, Singapore and Malaysia.

The successful transformation of the Group as it changed its business model from IT product distribution to that of the Distribution of mobile products and Distribution Management Services resulted in the impressive performance. Revenue from Distribution of mobile products and Distribution Management Services increased 3,113% significantly from HK\$8 million to HK\$257 million while the segment profits increased 52% to HK\$2 million as compared to same period last year.

(2) Investment in IT Business

The Group's investment in IT business continues to perform well. During the six months period ended 30 June 2011, the Group's investment in the group of SiS Distribution (Thailand) Public Company Limited ("SiS Thailand") continue to deliver and contributed HK\$24 million to the Group's net profits. The outstanding performance in SiS Thailand group represents a 57% growth as compared to six months period last year.

In the second half of last year, the Group acquired a 25.6% interest in a jointly controlled entity – Hangxin Electronic Industrial Co. Ltd in China. This jointly controlled entity contributed HK\$0.5 million to the Group's 2011 interim profit.

(3) Real Estate Investments Business

During the period, the Group disposed an industrial/office unit in Hong Kong for a consideration of HK\$7 million, which is 54% above the historical investment cost. For the interim 2011, The Group recorded a mild fair valuation gain of HK\$4 million for its real estate investment business. Total carrying value of the Group's investment properties amounted to HK\$712 million as at 30 June 2011.



Prospect

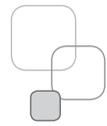
While global economic outlook remains uncertain, the directors are cautiously moving ahead with confidence. With our strong financial position, we will continue to expand our mobile product distribution business and to make selective investments when the right opportunities arise to enhance our shareholders value. Building on our strong foundation, solid reputation, the Group will continue to grow from strength to strength.

On behalf of the Board

LIM Kia Hong

Chairman & Chief Executive Officer

Hong Kong, 22 August 2011



The directors (the "Directors") of SIS International Holdings Limited (the "Company") is pleased to announce that the consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative figures for the corresponding period in 2010. The interim financial statements have been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

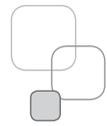
		Six months ended	
		30 June	30 June
		2011	2010
<i>NOTES</i>		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing operations			
	3	264,044	12,275
		(252,860)	(7,358)
		11,184	4,917
		5,596	662
	4	24,673	4,955
		(4,709)	(712)
		(27,624)	(11,267)
		23,775	15,369
		544	–
		(448)	(115)
		32,991	13,809
	5	(1,977)	(1,150)
		31,014	12,659
Discontinued operations			
	6	–	45,136
	6	551,432	–
	7	582,446	57,795



CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2011

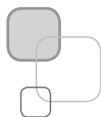
		Six months ended	
		30 June	30 June
		2011	2010
	NOTES	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
EARNINGS PER SHARE	8		
From continuing and discontinued operations			
– Basic (HK cents)		<u>212.0</u>	<u>21.3</u>
– Diluted (HK cents)		<u>210.8</u>	<u>21.3</u>
From continuing operations			
– Basic (HK cents)		<u>11.3</u>	<u>4.7</u>
– Diluted (HK cents)		<u>11.2</u>	<u>4.7</u>
From discontinued operations			
– Basic (HK cents)		<u>200.7</u>	<u>16.6</u>
– Diluted (HK cents)		<u>199.6</u>	<u>16.6</u>



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended	
	30 June 2011 HK\$'000 (unaudited)	30 June 2010 HK\$'000 (unaudited)
Profit for the period	<u>582,446</u>	<u>57,795</u>
Other comprehensive income (expense):		
Gain on fair value changes of available-for-sale investments	25,512	10,321
Exchange realignment arising on translation of foreign operations	(4,124)	5,355
Reclassification of cumulative exchange difference attributable to disposed subsidiaries to condensed consolidated income statement	(26,804)	–
Reclassification of cumulative exchange difference attributable to disposed associate to condensed consolidated income statement	–	(976)
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>933</u>	<u>–</u>
Other comprehensive (expense) income for the period	<u>(4,483)</u>	<u>14,700</u>
Total comprehensive income for the period	<u>577,963</u>	<u>72,495</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

		30 June	31 December
		2011	2010
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Investment properties	10	711,990	699,924
Property, plant and equipment	10	18,658	23,890
Interests in associates		170,217	163,206
Interests in a jointly controlled entity		17,786	17,242
Available-for-sale investments		108,509	62,854
		1,027,160	967,116
Current assets			
Inventories		47,400	139,641
Trade and other receivables, deposits and prepayments	11	68,463	90,720
Derivative financial instruments	12	1,817	–
Tax recoverable		31	31
Investments held-for-trading		54,019	45,607
Bank balances and cash		770,345	59,901
		942,075	335,900
Assets classified as held for sale		–	1,386,035
		942,075	1,721,935
Current liabilities			
Trade payables, other payables and accruals	13	70,393	116,473
Deposits received for investment properties held for sale		–	705
Dividend payable		33,224	–
Tax payable		8,737	8,357
Bank loans	14	–	226,176
		112,354	351,711
Liabilities associated with assets classified as held for sale		–	1,043,476
		112,354	1,395,187



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2011

		30 June 2011	31 December 2010
	<i>NOTES</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
Net current assets		829,721	326,748
Total assets less current liabilities		1,856,881	1,293,864
Non-current liabilities			
Deferred tax liabilities		47,840	37,331
Net assets		1,809,041	1,256,533
Capital and reserves			
Share capital	15	27,687	27,235
Share premium		71,000	61,129
Reserves		90,444	97,481
Retained profits		1,619,910	1,070,688
Total equity		1,809,041	1,256,533

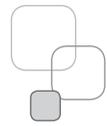


CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

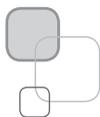
	Share capital HK\$'000	Share premium HK\$'000	Investments reserve HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2010 (audited)	27,102	58,238	7,871	-	24,375	2,860	4,088	844,677	969,211
Profit for the period	-	-	-	-	-	-	-	57,795	57,795
Other comprehensive income for the period	-	-	10,321	-	4,379	-	-	-	14,700
Total comprehensive income for the period	-	-	10,321	-	4,379	-	-	57,795	72,495
Recognition of equity-settled share based payments	-	-	-	-	-	-	125	-	125
Reversal of share options forfeited	-	-	-	-	-	-	(309)	309	-
Dividend declared (Note 9)	-	-	-	-	-	-	-	(21,681)	(21,681)
At 30 June 2010 (unaudited)	27,102	58,238	18,192	-	28,754	2,860	3,904	881,100	1,020,150
At 1 January 2011 (audited)	27,235	61,129	38,053	-	53,395	2,860	3,173	1,070,688	1,256,533
Profit for the period	-	-	-	-	-	-	-	582,446	582,446
Reclassification to income statement on cumulative exchange difference attributed to disposed subsidiaries	-	-	-	-	(26,804)	-	-	-	(26,804)
Other comprehensive income for the period	-	-	25,512	933	(4,124)	-	-	-	22,321
Total comprehensive income for the period	-	-	25,512	933	(30,928)	-	-	582,446	577,963
Exercise of share options	452	9,871	-	-	-	-	(2,554)	-	7,769
Dividend declared (Note 9)	-	-	-	-	-	-	-	(33,224)	(33,224)
At 30 June 2011 (unaudited)	27,687	71,000	63,565	933	22,467	2,860	619	1,619,910	1,809,041

Note: Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition upon the group reorganisation in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited in the year 1992.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended	
	30 June 2011 HK\$'000 (unaudited)	30 June 2010 HK\$'000 (unaudited)
<i>NOTES</i>		
Net cash from (used in) operating activities	126,278	(47,661)
Investing activities		
Dividend received from associates	12,662	9,496
Dividend received from available-for-sale investments	4,523	1,919
Additions to available-for-sale investments	(19,750)	(3,388)
Additions to investment properties	–	(190,998)
Net cash inflow from disposal of subsidiaries	6 800,345	–
Proceeds from disposal of an associate	–	13,165
Proceeds from disposal of investment properties	6,253	66,500
Deposits for acquisition of investment properties	–	(8,000)
Other investing cash flows	830	(633)
Net cash from (used in) investing activities	804,863	(111,939)
Financing activities		
Issue of shares	7,769	–
New bank loans raised	–	133,985
Repayment of bank loans	(226,176)	(82,341)
Net cash (used in) from financing activities	(218,407)	51,644
Net increase (decrease) in cash and cash equivalents	712,734	(107,956)
Cash and cash equivalents at 1 January	59,901	217,349
Effect of foreign exchange rate changes	(2,290)	(20)
Cash and cash equivalents at 30 June	770,345	109,373



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 "Interim Financial Reporting".

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new or revised Standards and Interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

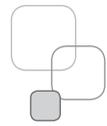
The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosures of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (Revised 2011)	Employee Benefits ²
HKAS 27 (Revised 2011)	Separate Financial Statements ¹
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ¹

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

² Effective for annual periods beginning on or after 1 July 2012

The directors of the Company anticipate that the application of these new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.



3. SEGMENTAL INFORMATION

During the period, the Group's chief operating decision makers, who are the executive directors, have changed the basis of organisation of the Group and the information used by them for resource allocation and performance assessment purposes by focusing on the continuing business being the distribution of IT and mobile products and property investment. In prior years, the basis and decision making were focused on geographical location, i.e. Hong Kong, Singapore and Malaysia for distribution of IT and mobile products. The Group's operating segments reported to the chief operating decision makers has been changed accordingly and the comparative information has been reclassified to conform with the current period's presentation.

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

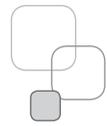
	Distribution of IT and mobile products HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2011			
Segment revenue			
External sales	256,574	7,470	264,044
Segment profit	1,858	10,808	12,666
Other unallocated income and gains			11,400
Fair value gain on investments held-for-trading			6,538
Dividend income from investments held-for-trading			2,364
Dividend income from available-for-sale investments			4,523
Loss on deemed disposal of an associate			(104)
Share of result of associates			23,775
Share of result of a jointly controlled entity			544
Finance costs			(448)
Unallocated corporate expenses			(28,267)
Profit before taxation			32,991



3. SEGMENTAL INFORMATION (Continued)

	Distribution of IT and mobile products HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2010			
Segment revenue			
External sales	7,934	4,341	12,275
Segment profit	1,221	10,830	12,051
Other unallocated income and gains			433
Fair value loss on investments			
held-for-trading			(7,193)
Dividend income from investments			
held-for-trading			1,380
Dividend income from			
available-for-sale investments			246
Loss on deemed disposal of an associate			(45)
Share of result of associates			15,369
Gain on disposal of an associate			2,675
Finance costs			(115)
Unallocated corporate expenses			(10,992)
Profit before taxation			13,809

Segment profit reported to the chief operating decision makers for the purposes of resource allocation and performance assessment does not include central administration costs, directors' emoluments, share of result of associates, gain or loss on disposal of associate or subsidiary, investment income, other unallocated income, finance costs and other corporate expenses.



4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Other gains and losses comprises:		
Dividend income from investments held-for-trading	2,364	1,380
Change in fair value of derivative financial instruments	1,817	–
Exchange gain, net	9,696	38
Fair value gain on investment properties	4,433	3,100
Fair value gain (loss) on investments held-for-trading	6,538	(7,193)
(Loss) gain on disposal of investment properties	(71)	5,000
Loss on deemed disposal of an associate	(104)	(45)
Gain on disposal of an associate (<i>note</i>)	–	2,675
	24,673	4,955

Note: The gain arose from disposal of the Group's entire 20% interest in ECS Pericomp Sdn. Bhd. to ECS ICT Berhad ("ECS ICT"), pursuant to a group reorganisation, for a consideration of Malaysian dollars 6,900,000 (equivalent to HK\$16,698,000) settled by 1,000,000 ordinary shares in ECS ICT valued at Malaysian dollars 1.46 per share (equivalent to HK\$3,533,000 and representing 0.8% interest in ECS ICT) and cash of Malaysian dollars 5,440,000 (equivalent to HK\$13,165,000).



5. INCOME TAX EXPENSE

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Continuing operations		
The charge comprises:		
Current tax		
Hong Kong	–	226
Overseas	153	4
Deferred tax		
Hong Kong	1,824	920
Income tax expense for the period relating to continuing operations	1,977	1,150

No provision for Hong Kong Profits Tax has been made for both periods as the companies comprising the Group do not have assessable profit subject to Hong Kong Profits Tax in both periods. The tax expense represents underprovision in prior years.

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

6. DISCONTINUED OPERATIONS

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Profit from discontinued operations	–	45,136
Gain on disposal of subsidiaries constituting discontinued operations	551,432	–
	551,432	45,136



6. DISCONTINUED OPERATIONS (Continued)

On 26 November 2010, The Group entered into an agreement to dispose its entire interests in certain wholly-owned subsidiaries namely, SiS International Limited, SiS Technologies Pte Ltd and SiS Distribution (M) Sdn Bhd (the "Disposal Group"). The total consideration was approximately US\$124 million (equivalent to HK\$964,025,000) of which US\$70 million (equivalent to HK\$546,000,000) was received on the date of completion on 3 January 2011. As of that date, the Group ceased control over the Disposal Group. A balance payment of approximately US\$54 million (equivalent to HK\$418,025,000) representing the net asset value of the Disposal Group ("Net Asset Value Payment") as defined in the Agreement was received on 27 June 2011 on completion of the determination of the net asset value. The Net Asset Value Payment is subject to adjustment on the value of certain assets and liabilities within a two years period.

The Disposal Group was engaged in distribution of certain brands of IT products.

	HK\$'000
Net assets disposed of	385,789
Reclassification of cumulative translation reserve upon disposal of the Disposal Group to profit or loss	<u>26,804</u>
	412,593
Gain on disposal	<u>551,432</u>
Consideration	<u>964,025</u>
Satisfied by:	
Cash	<u>964,025</u>
Net cash inflow arising on disposal:	
Consideration received	964,025
Bank balances and cash disposed of	<u>(163,680)</u>
	<u>800,345</u>



6. DISCONTINUED OPERATIONS (Continued)

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

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Revenue	–	2,384,620
Cost of sales	–	(2,284,516)
Other income	–	17,448
Other gains and losses	–	(1,476)
Distribution costs	–	(35,278)
Administrative expenses	–	(25,398)
Finance costs	–	(1,149)
Profit before tax	–	54,251
Income tax expense	–	(9,115)
Profit for the period	–	45,136

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

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Net cash outflows used in operating activities	–	(75,849)
Net cash outflows used in investing activities	–	(439)
Net cash inflows from financing activities	–	20,130
Net cash outflows	–	(56,158)



7. PROFIT FOR THE PERIOD

	Six months ended	
	30 June	30 June
	2011	2010
	HK\$'000	HK\$'000
Profit for the period from continuing operations has been arrived at after charging:		
Allowance for doubtful debts	–	19
Cost of inventories recognised in cost of sales	251,765	6,239
Depreciation of property, plant and equipment	175	200
Share of tax of associates	13,632	5,540
Allowance for inventories, net	8,344	–
	8,344	–
and crediting:		
Interest on bank deposits	840	416
Dividend income from available-for-sale investments	4,523	246
	4,523	246

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit of HK\$582,446,000 (30 June 2010: HK\$57,795,000) and the weighted average number of ordinary shares calculated below.

	Six months ended	
	30 June	30 June
	2011	2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	274,749	271,017
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	1,502	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	276,251	271,017



8. EARNINGS PER SHARE (Continued)

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

The diluted earnings per share for period ended 30 June 2010 does not take into account the share options outstanding at the end of the reporting period as the exercise price of those options is higher than the average market price for shares in 2010.

The calculation of basic and diluted earnings per share for the continuing and discontinued operations is based on the profit for the period from the continuing and discontinued operations of HK\$31,014,000 (30 June 2010: HK\$12,659,000) and HK\$551,432,000 (30 June 2010: HK\$45,136,000) respectively and the denominators detailed above.

9. DIVIDENDS

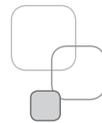
Six months ended	
30 June	30 June
2011	2010
HK'000	HK'000

Dividends recognised as distribution during the period:

Final and special dividend, payable in respect of
the year ended 31 December 2010 of
total 12.0 HK cents per share (2010: 8.0 HK cents
per share in respect of the year ended 31 December
2009)

33,224	21,681
---------------	---------------

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2011 and 2010.



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

During the period, the Group spent approximately HK\$Nil (six months ended 30 June 2010: HK\$211,321,000) and HK\$10,000 (six months ended 30 June 2010: HK\$1,048,000) on the acquisition of investment properties and property, plant and equipment respectively.

Also, the Group disposed of certain investment properties with an aggregate carrying amount of approximately HK\$7,050,000 for net cash proceeds of HK\$6,979,000, resulting in a loss on disposal of HK\$71,000.

The Group's investment properties as at 30 June 2011 were fair valued by the directors with reference to recent transaction prices in the market for similar properties. The resulting increase in fair value of investment properties of HK\$4,433,000 (six months ended 30 June 2010: HK\$3,100,000) has been recognised in the condensed consolidated income statement for the six months ended 30 June 2011.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$63,394,000 (31 December 2010: HK\$871,126,000). The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis for the year ended 31 December 2010 presented below includes those of the Disposal Group classified as held for sale.

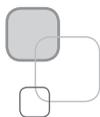
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Within 30 days	36,458	486,257
31 to 90 days	26,936	333,390
91 to 120 days	–	36,827
Over 120 days	–	14,652
	63,394	871,126

The Group maintains a defined credit policy. For sales of goods, the Group allows a credit period ranging from 30 to 60 days to its trade customers. No credit is granted to tenants of properties and payment is due on presentation of demand note.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into foreign currency forward contracts with total contracted amount of US\$17,000,000 to buy varying amounts of foreign currencies at specified spot rates before maturity. These derivatives are not accounted for under hedge accounting.

Foreign currency forward contracts entered to manage its exposure to currency fluctuations risk of certain trade payables denominated in United States Dollars outstanding as at 31 December 2010 were classified under assets held for sale.



13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$21,834,000 (31 December 2010: HK\$660,081,000). The following is an analysis of trade payables by age, presented based on the invoice date. The analysis for year ended 31 December 2010 presented below includes those of the Disposal Group classified as held for sale.

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	20,999	512,527
31 to 90 days	545	139,914
91 to 120 days	97	2,612
Over 120 days	193	5,028
	21,834	660,081

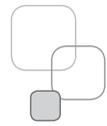
The credit period pertaining to purchase of goods ranges from 30 to 60 days.

14. BANK LOANS

During the period, the Group obtained new bank loans amounting to HK\$Nil (30 June 2010: HK\$133,985,000) and repaid bank loans amounting to HK\$226,176,000 (30 June 2010: HK\$82,341,000). The bank loans carry interest at the rate of 1.04% (31 December 2010: 0.8% to 1.9%) per annum.

15. SHARE CAPITAL

	No. of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised	350,000,000	35,000
Issued and fully paid		
At beginning of period	272,349,995	27,235
Issue of shares on exercise of share options at HK\$1.72 per shares	4,516,670	452
At end of period	276,866,665	27,687



16. PLEDGE OF ASSETS

At 30 June 2011, the Group's investment properties and bank deposits with carrying values of HK\$458,033,000 (31 December 2010: HK\$456,000,000) and HK\$Nil (31 December 2010: HK\$22,963,000) respectively were pledged to secure bank loans and general banking facilities granted to the Group.

17. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	Six months ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	-	1,550	-	-
Purchase of goods	-	467	-	-
Income from management service	1,871	1,123	-	-
Operating lease rental expense	-	-	275	4,782

Amount due from the associates at the end of the reporting period included in other receivables is HK\$1,335,000 (31 December 2010: HK\$210,000).

Two directors of the Company have collective controlling interests in one of the related companies. All executive directors (and their associates) together have collective controlling interest in another related company.

Apart from the above, remuneration paid or payable to the directors of the Company for the six months ended 30 June 2011 is HK\$8,073,000 (six months ended 30 June 2010: HK\$5,706,000) including share-based payment expense of HK\$Nil (six months ended 30 June 2010: HK\$61,000).

18. CAPITAL COMMITMENTS

At 30 June 2011, the Group had commitments of HK\$22,358,000 contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of the entire interest in Synergy Technologies (Asia) Limited for a consideration of HK\$22,358,000. The acquisition was completed on 15 July 2011. Synergy Technologies (Asia) Limited is engaged in trading of computer products and mobile phones. It is impracticable to disclose details of the amounts of assets acquired and liabilities assumed at the acquisition date and any goodwill arising on the acquisition because the management of the Company is in the process of determining such amounts.

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements amounted to HK\$Nil (31 December 2010: HK\$900,000).



INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2011, the Group had total assets of HK\$1,969,235,000 which were financed by shareholders' funds of HK\$1,809,041,000 and total liabilities of HK\$160,194,000. The Group had a current ratio of approximately 8.4 compared to that of approximately 1.2 at 31 December 2010.

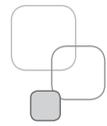
As at 30 June 2011 the Group had HK\$770,345,000 bank balances and cash. The Group's working capital requirements were mainly financed by internal resources. As at 30 June 2011, the Group had no borrowings.

The Group continued to sustain a good liquidity position. At the end of June 2011, the Group had a net cash surplus of HK\$770,345,000 compared to cash deficit of HK\$318,304,000 (inclusive of Disposal Group) as at 31 December 2010. High cash level as at 30 June 2011 is arisen from receipt of consideration on the disposal of subsidiaries near the end of June 2011.

As mentioned above, the Group has no borrowing as at 30 June 2011. As at end of last year, including the Disposal Group's financial position, gearing ratio, as defined by total bank loans, bills payable and bank overdrafts to shareholders' funds, was 43%.

Charges on Group Assets

At the balance sheet date, the Group had pledged investment properties and bank deposits with carrying value of HK\$458,033,000 (31 December 2010: HK\$456,000,000), and HK\$Nil (31 December 2010: HK\$22,963,000) respectively to banks to secure bank loans and general banking facilities granted to the Group.



FINANCIAL REVIEW AND ANALYSIS (Continued)

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

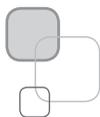
The number of staff of the Group as at 30 June 2011 was 21 (30 June 2010: 321) and the salaries and other benefits paid and payable to employees, excluding Directors' emoluments, amounted to HK\$4,287,000 (30 June 2010: HK\$43,911,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives and benefits for the employees and therefore increase employees' productivity and contribution to the Group. During the six months period ended 30 June 2011, a total 4,516,670 share options have been exercised and the weighted average share price at the date of exercise of the share options during the period was HK\$3.26. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

Currency Risk Management

The Group maintains a conservative approach on foreign exchange exposure management by entering into foreign currency forward contracts. There are no significant changes in strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 30 June 2011, the Group of continuing operations had outstanding forward contracts of notional amount HK\$132,600,000 (31 December 2010: Nil) which were measured at fair value at the reporting date.

Contingent Liabilities

The Company's corporate guarantees extended to a bank as security for banking facilities to the Group amounted to HK\$118,500,000 (31 December 2010: HK\$13,496,000).



OTHER INFORMATION

Directors' Interests in Shares

At 30 June 2011, the interests of the Directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

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

Name of Director	Personal interests	Family interests	Joint Interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kiah Meng (Note 4)	5,403,200	650,000	534,000	178,640,000	185,227,200	66.90%
Lim Kia Hong (Note 4)	5,771,108	608,000	-	178,640,000	185,019,108	66.83%
Lim Hwee Hai (Note 3)	3,331,200	3,579,158	-	-	6,910,358	2.50%
Lim Hwee Noi (Note 3, 4)	3,579,158	3,331,200	-	-	6,910,358	2.50%
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) 3,331,200 shares and 3,579,158 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.
- (4) In addition to the interests disclosed above, Mr. Lim Kiah Meng and Madam Lim Hwee Noi are trustees of an estate and are holding 608,000 shares on behalf of six beneficiaries aged below 18. Out of these 608,000 shares, 400,000 shares and 208,000 shares are beneficially owned by the children of Mr. Lim Kiah Meng and Mr. Lim Kia Hong respectively, and are included in the family interest of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

(ii) Share options

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



Directors' Interests in Shares *(Continued)*

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

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

Name of Director	Personal interests	Corporate interests <i>(Note 1)</i>	Total number of issued ordinary shares held in SiS THAI	Approximate % of issued share capital of SiS THAI
Lim Kia Hong	112,500	99,750,000	99,862,500	47.51%
Lim Hwee Hai	112,500	–	112,500	0.05%

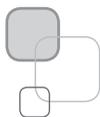
- (b) Share warrants granted by SiS THAI *(Note 2)*

Name of Director	Capacity	Outstanding number of share warrants of SiS THAI held at 30 June 2011
Lim Kia Hong	Personal	37,500
Lim Hwee Hai	Personal	37,500

Notes:

- (1) The Company indirectly holds 99,750,000 ordinary shares of the issued capital of SiS THAI. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 66.83% in the Company, therefore Mr. Lim has deemed corporate interest in SiS THAI under the SFO.
- (2) At the annual general meeting of SiS THAI held on 2 April 2010, its shareholders approved the issue of warrants to the directors. Each warrant is entitled to buy one ordinary share of SiS THAI at the book value per share from the last financial statement of SiS THAI before the date of exercise but not lower than Baht 4.92. The warrants can be exercised every six months from the first exercise date which is 1 June 2010 until the last exercise date which is 3 December 2012. The exercise date will be the first business day of June and December of each year.

Save as disclosed above, none of the Directors nor their associates, at 30 June 2011, had 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 (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.

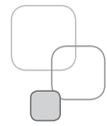


SHARE OPTIONS

For details of the Company's share option scheme, please refer to note 33 to the consolidated financial statement and pages 20 to 22 in the 2010 annual report.

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

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2011	Exercised during the period	Outstanding at 30 June 2011
Directors and their associates:						
Lim Kiah Meng and spouse						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000	(350,000)	–
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001	(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	(350,000)	–
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001	(350,001)	–
Lim Hwee Hai						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667	(266,667)	–
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667	(266,667)	–
Lim Hwee Noi						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667	(266,667)	–
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667	(266,667)	–



SHARE OPTIONS (Continued)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2011	Exercised during the period	Outstanding at 30 June 2011
Lee Hiok Chuan						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Woon Wee Teng						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Ong Wui Leng						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Total directors and their associates				<u>2,966,671</u>	<u>(2,466,670)</u>	<u>500,001</u>
Employees and other qualified persons						
20 August 2007	21 August 2007 – 18 February 2008	18 February 2008 – 20 May 2017	1.72	749,997	(616,665)	133,332
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	950,001	(716,667)	233,334
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	950,002	(716,668)	233,334
Total employees and other qualified persons				<u>2,650,000</u>	<u>(2,050,000)</u>	<u>600,000</u>
Total number of share options				<u>5,616,671</u>	<u>(4,516,670)</u>	<u>1,100,001</u>

Other than disclosed above, no share options were granted, forfeited or expired during the reporting period.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests and long positions in the issued share capital of the Company.

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

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

Notes:

- (1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 47.5% direct interest in Yeoman Capital Management Pte. Ltd.
- (2) Yeoman Capital Management Pte Ltd holds the shares of the Company as an investment manager.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2011.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the period ended 30 June 2011, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in page 11 of the Group’s 2010 annual report under the Corporate Governance section.



MODEL CODE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2011.

On behalf of the Board

SiS International Holdings Limited

LIM Kia Hong

Chairman and Chief Executive Office

Hong Kong, 22 August 2011



CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Lim Kia Hong (*Chairman and
Chief Executive officer*)

Lim Kiah Meng (*Vice-chairman*)

Lim Hwee Hai

Lim Hwee Noi

Independent Non-executive Directors:

Lee Hiok Chuan

Woon Wee Teng

Ong Wui Leng

SECRETARY

Chiu Lai Chun, Rhoda

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Hong Kong
Telephone: (852) 2565 1682
Fax: (852) 2562 7428

STOCK CODE

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INVESTOR RELATIONS

www.sisinternational.com.hk

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Brandt Chan & Partners
Norton Rose

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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