SiS International Holdings Limited

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

ANNUAL REPORT 2010

THE COMPANY

Founded in 1983, SiS is one of the largest distributors of computer systems, software, peripherals and networking products in Asia.

Headquartered in Hong Kong, with regional offices in Singapore, Malaysia and Thailand, SiS Offers manufacturers an immediate access into Asia with a well established network consisting of more than 10,000 resellers, retailers, system integrators, software houses, value added resellers and OEMs strategically located throughout the region.

SiS represents and has earned its reputation as the Preferred Distributor by a number of the world's most renowned manufacturers.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

Lee Hiok Chuan
Woon Wee Teng
Ong Wui Leng

SECRETARY

Chiu Lai Chun, Rhoda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

STOCK CODE

529

INVESTOR RELATIONS

www.sisinternational.com.hk

AUDITORS

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

SOLICITORS

Norton Rose

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

YOUR PREFERRED DISTRIBUTOR

OUR CHALLENGE

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

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

CORPORATE PROFILE

OUR VISION

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

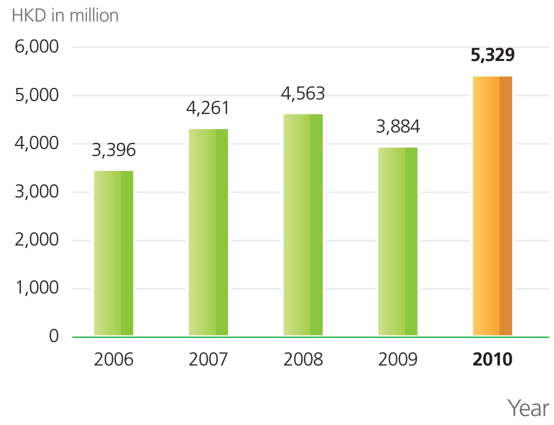
The advancement of Technology would be futile unless one can bring it to the target user. The SiS Mission is to bring Technology closer to you. Innovation of Products will be redundant unless it can work for you. The SiS Mission is to help you and let Technology work for you. Improving the Quality of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

Our objective is to continue our leadership in the distribution of computer systems, software, networks, peripherals and smart phones by bringing the best returns on the investments for our shareholders; achieving maximum market share for our principals; giving the best value for our customers' investments; and the best company for our staff.

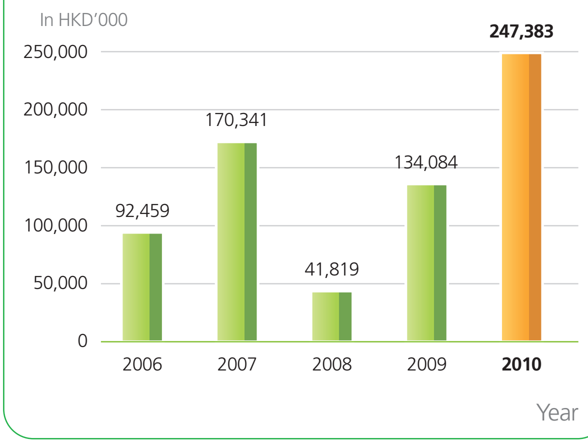
Every challenge has been a triumph, and every triumph brings with it an even greater challenge. SiS will continue to expand its vision for the betterment of human life and to be the best company ever.

FINANCIAL HIGHLIGHTS

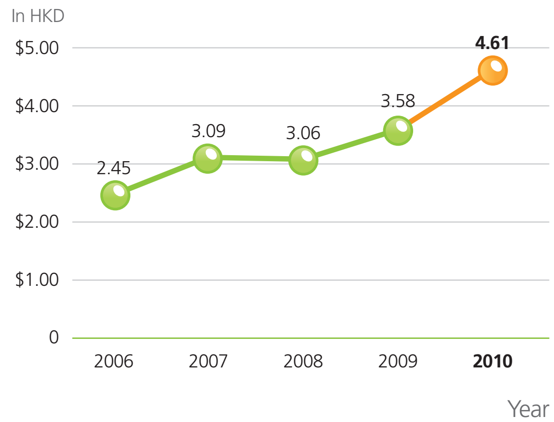
Revenue



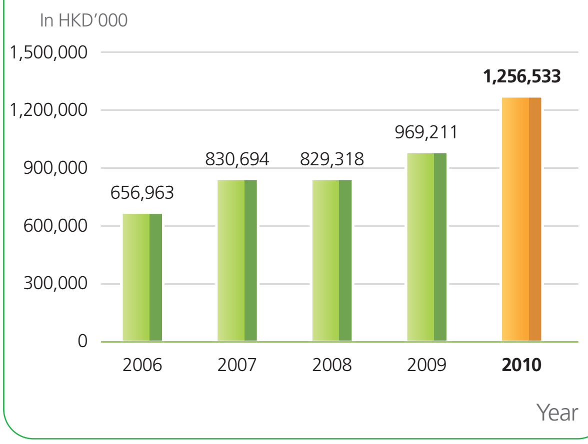
Net Profit Attributable To Owners Of The Company



Net Asset Value Per Share



Shareholders' Equity



MESSAGE FROM THE CHAIRMAN AND CEO

Dear Shareholders,

Financial year 2010 was an incredible successful year for SiS even as the economy has just recovered from the world's worst recession. I am extremely pleased to present to our shareholders outstanding results and sterling performance for the Group for the year ended 31 December 2010. Net profit for the Group increased 84% to HK$247,383,000 as compared to HK$134,084,000 in the previous year. The Group's sales revenue increased 37% to HK$5,329 million from HK$3,884 million. Net assets value increased to HK$1,256,533,000 (HK$4.61 per share), representing a 30% growth from year 2009.

FINANCIAL RESULTS HIGHLIGHTS:

Profit before tax:	up 89% to HK$291 million
Net profit attributed to owners:	up 84% to HK$247 million
Revenue:	up 37% to HK$5,329 million
Earnings per share:	up 84% from 49.5 HK cents to 91.2 HK cents
Return on capital employed:	up from 14% to 20%
Net assets value per share:	HK$4.61

BUSINESS REVIEW

Leaders emerge during tough times. Despite a very difficult economy, SiS turned in record performance. Our exceptional performance reflects on our ability to stay focused on our strategy and its execution. We executed well in all our businesses.

(1) IT Distribution Business

The Group achieved significant growth in its IT Distribution Business for year ended 31 December 2010. Revenue from IT Distribution Business increased 37% from HK$3,873 million to HK$5,320 million while the profits increased 133% from HK$64 million to HK$149 million as compared to the year ended 31 December 2009.

On 26 November 2010, the Group entered into an agreement to divest all its interests in three of its wholly owned subsidiaries engaging in IT (2-tier) distribution business in Hong Kong, Singapore, and Malaysia at a cash consideration of approximately US$130 million subject to final adjustment of total net tangible assets to be determined based on the completion accounts. The disposal transaction was completed on January 3, 2011 and the Group has received part payment of US$70 million on completion date.

Hong Kong, Malaysia, and Singapore are becoming mature markets for IT products; the directors believe that the divestment of its IT (2 tier) distribution at this stage brings the best returns to our shareholders. Moving forward, the Group will be changing its business model from IT product distribution in these markets to that of the provisioning of Distribution Management Services. At the same time, the Group will continue to expand its distribution of mobile phones products and solutions and seek investments and expansion opportunities of IT distribution business in the emerging countries.

(2) Investment in IT Business

Our Group's Investment in IT business continues to perform well. During the financial year 2010, the Group reported a gain of approximately HK$3 million from the disposal of its investment of one of its associated companies - ECS Pericomp Sdn Bhd. The Group's investment in SiS Distribution (Thailand) Public Company Limited continue to deliver, contributing HK$38 million to the Group's net profits. During the second half year of 2010, 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$4 million to the Group's 2010 net profit.

(3) Real Estate Investments Business

During the year, the Group completed its acquisition of two prime commercial properties located at (i) 8/F., 9 Queen's Road in Hong Kong with total cost of HK$211 million; and (ii) 23/F., United Centre, 95 Queensway in Hong Kong with total cost of HK$193 million. In addition, the Group disposed its investment in car parks for a consideration of HK$70 million. For the year 2010, the Group recorded a fair valuation gain of HK$109 million for its real estate investment business. Total fair value of the Group's investment properties amounted to HK$700 million as at 31 December 2010.

PROSPECT

I am excited about the opportunities presented to us in the coming financial year 2011 and beyond. As we enter financial year 2011, the global economy continue on its recovery but remain uncertain. The Group looks forward to continue to deliver results and performance for our shareholders by focusing on executing our strategy of growing our businesses. With a strong balance sheet, an experienced management team, the directors are looking ahead with confidence; we see growing opportunities in the demand for IT and mobility products in the emerging countries, the Group intend to invest and expand its presence in the emerging countries. The Group will also take a pivotal role in the industry in the provisioning of Distribution Management Services. At the same time, the Group will continue to expand on the fast growing distribution of mobility products and solutions business in the region. The contributions from these new businesses whilst small to the Group at this stage, is expected to grow steadily in the near future.

IT distribution business remains the Group's key business focus. Moving forward, the Group will also continue to seek opportunities in the investments of IT businesses and properties where opportunities arise.

MESSAGE FROM THE CHAIRMAN AND CEO

FINAL DIVIDEND

To reward loyal shareholders, I am happy to announce that the Directors recommend a final dividend of 8.0 HK cents per share for 2010 & a special dividend of 4.0 HK cents per share payable to shareholders on the register of members on 30 May 2011. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final and special dividend will be payable in cash on 8 July 2011.

APPRECIATION

Our success would not have been possible without the dedication of our committed staff for their contributions, our customers, business partners and shareholders for their support and confidence in SiS. We remain **Focused** on maximizing shareholders value with **Determination** to succeed, commitment to outstanding **Execution** & business **Excellence**.

On behalf of the Board

LIM Kia Hong
Chairman & Chief Executive Officer

Hong Kong, 29 March 2011

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group had total assets of HK$2,689,051,000 which were financed by shareholders' funds of HK$1,256,533,000, and total liabilities of HK$1,432,518,000. The Group had a current ratio of approximately 1.23 compared to that of approximately 2.03 at 31 December 2009.

As at 31 December 2010 the Group had HK$223,581,000 bank balances and cash including the disposal group's bank balances and cash HK$163,680,000. The Group's working capital requirements were mainly financed by internal resources and short term borrowings. As at 31 December 2010, the Group had short term borrowings, bank overdraft and bills payable of total HK$541,885,000. The Group's borrowings were mainly denominated in Hong Kong Dollar, Singapore Dollar and Malaysia Ringgit and were charged by bank at floating interest rates.

The Group continued to sustain a good liquidity position. Although at the end of December 2010, the Group had a net cash deficit (bank balances and cash less bank borrowings, bank overdrafts and bills payables) of HK$318,304,000 compared to HK$186,899,000 cash surplus as at 31 December 2009, the Group has repaid all HK$226,176,000 bank borrowings of the continuing business after collecting US$70 million consideration on completion of disposing the three subsidiaries on 3 January 2011. The Group is expecting to receive the remaining consideration on the disposal within 2011.

Including the disposal group's financial position, gearing ratio, as defined by total bank loans, bills payable and bank overdrafts to shareholders' funds, as at 31 December 2010 was 43% compared to 5% as at 31 December 2009.

CHARGES ON GROUP ASSETS

At the balance sheet date, the Group had pledged bank deposits of HK$22,963,000 (2009: HK$21,086,000) and investment properties with carrying value of HK$456,000,000 (2009: HK$65,000,000) to banks to secure general banking facilities granted to subsidiaries and to finance the purchases of investment properties.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND SHARE OPTION SCHEMES

The number of staff of the Group including the disposal group as at 31 December 2010 was 330 and the salaries and other benefits paid to employees, excluding Directors' emoluments, amounted to HK$96,216,000 (2009: HK$76,478,000). In addition to the contributory provident fund and medical insurance, the Company adopts share option scheme and may grant shares to eligible employees of the Group. The Directors believe that the Company's share option schemes could create more incentives and benefits for the employees and therefore increase employees' productivity and contribution to the Group. During the year 2010, a total of 1,333,334 share options have been exercised. The Group's remuneration policy is to relate performance with compensation. The Group's salary and discretionary bonus system is reviewed annually. There are no significant changes in staff remuneration policies from last year.

CURRENCY RISK MANAGEMENT

The Group maintains a conservative approach on foreign exchange exposure management by entering into foreign currency forward contracts. There are no significant changes in strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 31 December 2010, the Group of continuing operation had no outstanding forward contracts (2009: HK$254,379,000 notional amount of forward contract denominated in United States dollars) which were measured at fair value at the reporting date.

CONTINGENT LIABILITIES

The Company's corporate guarantees extended to certain banks as security for banking facilities to the Group amounted to HK$13,496,000 (2009: HK$62,656,000).

CODE ON CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

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

The Board currently comprised of four Executive Directors, namely Messrs. Lim Kiah Meng, Lim Kia Hong (Chairman and Chief Executive Officer), Lim Hwee Hai, and Madam Lim Hwee Noi, and three Independent Non-Executive Directors (the "INED"), namely, Messrs. Lee Hiok Chuan, Woon Wee Teng, and Ms. Ong Wui Leng. Messrs. Lim Kiah Meng and Lim Kia Hong, and Madam Lim Hwee Noi are brother and sister. Mr. Lim Hwee Hai is spouse of Madam Lim Hwee Noi. Biographical details of each Director are set out on page 15 of the annual report.

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

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

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

The positions of the Chairman and Chief Executive Officer are held by the same individual, Mr. Lim Kia Hong, who is responsible to manage business operations of the Group and oversee the function of the Board. Mr. Lim Kiah Meng as the vice-chairman, is responsible to ensure the Board works effectively. According to the Bye-Laws of the Company, the position of chairman and vice-chairman shall be elected after next Annual General Meeting to be held on 30 May 2011. The deviation from the Code A.2.1 is considered acceptable.

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

REMUNERATION COMMITTEE

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

The Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management, and reviewing and approving the compensation payable to Executive Directors and senior management. A meeting was held during the year ended 31 December 2010, and the members had reviewed the remuneration policy and determined remuneration of Directors.

AUDIT COMMITTEE

The Audit Committee is comprised of all INED, and Mr. Woon Wee Teng was appointed as the Chairman with effect from 20 April 2007.

The main duties of the Audit Committee include:

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

The Audit Committee has met four times during the year ended 31 December 2010 and has reviewed the managements accounts, half-year, and annual financial results of the Group and its subsidiaries. Certain recommendations have been made to the internal control of the Company and its subsidiaries. Audit Committee had met the external auditors without the present of Executive Directors on reviewing the half year and annual financial results.

DIRECTORS' SECURITIES TRANSACTION

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

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements which give a true and fair view of the state of affair of the Group. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 26 and 27.

AUDITORS' REMUNERATION

During the year ended 31 December 2010, the Group had engaged external auditors to provide the following services.

	Service fee *HK$'000*
Audit services	1,080
Tax advisory	79
Other services	1,296
	2,455

ATTENDANCE OF MEETINGS

The following table shows the attendance of each Director at meetings of the Board and the above committee during the year 2010:

	Board	**Audit Committee**	**Remuneration Committee**
Number of meetings during the year	**(8)**	**(4)**	**(1)**
Executive Directors			
Lim Kiah Meng	8	N/A	1
Lim Kia Hong	8	N/A	1
Lim Hwee Hai	8	N/A	N/A
Lim Hwee Noi	8	N/A	N/A
Independent Non-Executive Directors			
Lee Hiok Chuan	8	4	1
Woon Wee Teng	7	4	1
Ong Wui Leng	8	4	1

INTERNAL CONTROLS

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

The management of the Group would evaluate the internal control system periodically and enhance the system when necessary. The Company established its internal audit functions during the year ended 31 December 2010. The internal auditors reviewed the internal controls system on an ongoing basis covering all major operations of the Group on a rotational basis, and reported directly to the Audit Committee and Board on a regular basis.

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

The first shareholders' meeting in 2010 was the annual general meeting held on 25 June 2010 at Kellett Room III, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong to receive and consider the audited financial statements for the year ended 31 December 2009; to re-elect directors; and approve the general mandates for the issue and repurchase of the Company's share.

The second and last shareholders meeting was the special general meeting held on 29 December 2010 at Kellett Room III, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong to consider and approve the disposal of IT distribution business to a third party.

EXECUTIVE DIRECTORS

LIM Kiah Meng, aged 58, brother of Mr. Lim Kia Hong and Madam Lim Hwee Noi, joined the Group in 1986. He has over twenty years' experience in the I.T. industry, and is responsible for the Group's operations in Hong Kong, Singapore and the PRC. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in International Management from the American Graduate School of International Management, US. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He is also a director of Gold Sceptre Limited which holds 52% shareholdings in the Company as at 31 December 2010.

LIM Kia Hong, aged 54, brother of Mr. Lim Kiah Meng and Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim graduated from University of Washington, US with a Bachelor's Degree in Business Administration and has twenty nine years' experience in the I.T. industry. He is responsible for the corporate planning, development and public relation of the Group. He is also a director of Gold Sceptre Limited which holds 52% shareholdings in the Company as at 31 December 2010.

LIM Hwee Hai, aged 61, the spouse of Madam Lim Hwee Noi, is one of the co-founders of the Group. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore and a Master's Degree in Business Administration from the National University of Singapore. Prior to joining the Group, Mr. Lim had six years' experience in finance and banking. He has twenty eight years' experience in the I.T. industry and is responsible for the Group's operations in Malaysia and Thailand. He is also a director of Gold Sceptre Limited which holds 52% shareholdings in the Company as at 31 December 2010.

LIM Hwee Noi, aged 60, the sister of Mr. Lim Kiah Meng and Mr. Lim Kia Hong and spouse of Mr. Lim Hwee Hai, joined the Group in 1983 and is the Finance Director of the Group. Madam Lim holds a Bachelor's Degree in Commerce from Nanyang University, Singapore. She has been a certified public accountant in Singapore for more than thirty years. She is also a director of Gold Sceptre Limited which holds 52% shareholdings in the Company as at 31 December 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LEE Hiok Chuan, aged 76, joined the Group in 1992 and is an investment consultant in Hong Kong. Mr. Lee has more than forty years' experience in finance and banking in Hong Kong.

WOON Wee Teng, aged 54, joined the Group in 1994 and is a Barrister-at-Law (Middle Temple), Barrister & Solicitor, A.C.T., Australia and Advocate & Solicitor, Singapore. Mr. Woon had been a practising lawyer for not less than twenty years.

ONG Wui Leng, aged 50, joined the Group in 2004 and has more than ten years of experience in corporate banking and another seventeen years of experience in corporate finance and management.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment trading and investment holding company and provides corporate management services. The principal activities of its subsidiaries, associates and a jointly controlled entity are set out in notes 38, 16 and 17 respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 28.

The directors now recommend the payment of final and special dividend of 8.0 HK cents and 4.0 HK cents per share respectively to the shareholders on the register of members on 30 May 2011, amounting to totally HK$32,928,000. The distributable reserves of the Company available for distribution after the proposed dividend becomes HK$390,217,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on page 96. The summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$403,769,0003 and HK$4,279,000 on acquisition of investment properties and property, plant and equipment respectively.

The Group has revalued all its investment properties at the year end date. The increase in fair value amounted to HK$109,389,000, which had been credited to the consolidated income statement directly.

Particulars of investment properties of the Group at 31 December 2010 are set out on pages 97 and 98.

Details of the movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 14 and 15 respectively to the consolidated financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2010 were as follows:

	2010	2009
	HK$'000	*HK$'000*
Contributed surplus	**29,186**	29,186
Retained profits	**393,959**	278,531
	423,145	307,717

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

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

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

DIRECTORS

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

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

Independent non-executive directors:
Mr. Lee Hiok Chuan
Mr. Woon Wee Teng
Ms. Ong Wui Leng

In accordance with the provisions of the Company's Bye-Laws, Madam Lim Hwee Noi and Ms. Ong Wui Leng retire from office and, being eligible, offer themselves for re-election.

The term of office of each of the non-executive directors is the period up to his/her retirement by rotation in accordance with the Company's Bye-Laws.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES

At 31 December 2010, 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)*	4,869,866	483,333	534,000	178,640,000	184,527,199	67.75%
Lim Kia Hong *(Note 4)*	5,237,774	441,333	–	178,640,000	184,319,107	67.68%
Lim Hwee Hai *(Note 3)*	2,797,866	3,045,824	–	–	5,843,690	2.15%
Lim Hwee Noi *(Note 3, 4)*	3,045,824	2,797,866	–	–	5,843,690	2.15%
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 3,045,824 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.

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

(ii) Share Options

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

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

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

Name of Director	Personal Interests	Corporate interests *(Note 1)*	Total number of issued ordinary shares held in SiS Thailand	Approximate % of issued share capital of SiS Thailand
Lim Kia Hong	93,750	99,750,000	99,843,750	47.88%
Lim Hwee Hai	93,750	–	93,750	0.04%

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

Name of Director	Capacity	Outstanding number of share warrants of SiS Thailand at 31 December 2010
Lim Kia Hong	Personal	56,250
Lim Hwee Hai	Personal	56,250

Notes:

(1) The Company indirectly holds 99,750,000 ordinary shares of the issued capital of SiS Thailand. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 67.68% in the Company, therefore Mr. Lim has deemed corporate interest in SiS Thailand under the SFO.

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

Other than as disclosed above, none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations at 31 December 2010.

SHARE OPTIONS

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

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

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

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

Date of grant	Vesting period	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2010	Lapsed during the year	Exercised during the year	Outstanding at 31.12.2010
Directors and their associates:							
Lim Siam Kwee *(deceased on 7.5.2009)*							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	266,667	(266,667)	–	–
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	266,667	(266,667)	–	–
Lim Kiah Meng and spouse							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	350,000	–	–	350,000
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	350,001	–	–	350,001
Lim Kia Hong and spouse							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	350,000	–	–	350,000
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	350,001	–	–	350,001
Lim Hwee Hai							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	266,667	–	–	266,667
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	266,667	–	–	266,667
Lim Hwee Noi							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	266,667	–	–	266,667
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	266,667	–	–	266,667
Lee Hiok Chuan							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	–	–	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	–	–	83,334
Woon Wee Teng							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	–	–	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	–	–	83,334
Ong Wui Leng							
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	83,333	–	–	83,333
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	83,334	–	–	83,334
Total directors and their associates				3,500,005	(533,334)	–	2,966,671

Date of grant	Vesting period	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2010	Lapsed during the year	Exercised during the year	Outstanding at 31.12.2010
Employees and other qualified persons							
20.8.2007	21.8.2007 – 18.2.2008	18.2.2008 – 20.5.2017	1.72	849,996	–	(99,999)	749,997
20.8.2007	21.8.2007 – 18.2.2009	18.2.2009 – 20.5.2017	1.72	1,566,667	–	(616,666)	950,001
20.8.2007	21.8.2007 – 18.2.2010	18.2.2010 – 20.5.2017	1.72	1,566,671	–	(616,669)	950,002
Total employees and other qualified persons				3,983,334	–	(1,333,334)	2,650,000
Total number of share options				7,483,339	(533,334)	(1,333,334)	5,616,671

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

The following transactions were entered into by the Group during the year ended 31 December 2010:

	Notes	*HK$'000*
Operating lease rentals paid to:		
Ever Rich Technology Limited ("Ever Rich")	(a)	3,670
SiS Realty Pte. Limited ("SiS Realty")	(b)	6,064

Notes:

(a) Mr. Lim Kiah Meng and his spouse own 50%, and Mr. Lim Kia Hong owns 30% of the issued share capital of Ever Rich at 31 December 2010.

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

In December 2009, two of the Company's indirectly wholly-owned subsidiaries, SiS International Ltd and SiS Technologies Pte Ltd have entered into two years tenancy agreements with Ever Rich and SiS Realty for leases of offices and/or warehouse space in Hong Kong and Singapore respectively. Further details are included in the announcement issued by the Company on 4 December 2009.

During the year, the rental paid to Ever Rich and SiS Realty amounted to HK$3,670,000 and HK$6,064,000 respectively, which is included in above. The transactions are regarded as connected transactions pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, 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	Percentage of the issued share capital of the Company
Yeo Seng Chong	600,000	1,150,000	11,942,000	–	13,692,000	5.03%
Lim Mee Hwa	1,150,000	600,000	11,942,000	–	13,692,000	5.03%
Yeoman Capital Management Pte Ltd	–	–	250,000	13,340,000	13,590,000	4.99%

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 31 December 2010.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was less than 30%. The five largest suppliers of the Group together accounted for approximately 65% by value of the Group's total purchases during the year, with the largest supplier accounting for 25%.

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

EMOLUMENT POLICY

The Company has established the Remuneration Committee in September 2005.

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 33 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to HK$66,000.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010, except for the Code A.2.1, A.4.1 and A.4.2 as disclosed in the Corporate Governance Report of the Company.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2010.

AUDITORS

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

On behalf of the Board

LIM Kiah Meng
DIRECTOR

Hong Kong, 29 March 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of SiS International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 95, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 December 2010 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2011

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	2010 Continuing operations HK$'000	2010 Discontinued operations HK$'000	2010 Total HK$'000	2009 Continuing operations HK$'000 (restated)	2009 Discontinued operations HK$'000 (restated)	2009 Total HK$'000 (restated)
Revenue	5	**158,641**	**5,170,603**	**5,329,244**	12,776	3,870,976	3,883,752
Cost of sales		**(138,420)**	**(4,926,271)**	**(5,064,691)**	(1,446)	(3,718,357)	(3,719,803)
Gross Profit		**20,221**	**244,332**	**264,553**	11,330	152,619	163,949
Other gains and losses	6	**123,928**	**39,050**	**162,978**	74,546	35,670	110,216
Distribution costs		**(2,068)**	**(84,036)**	**(86,104)**	(2,097)	(76,574)	(78,671)
Administrative expenses		**(31,408)**	**(58,266)**	**(89,674)**	(20,748)	(45,087)	(65,835)
Share of results of associates		**38,584**	**–**	**38,584**	26,708	–	26,708
Share of result of a jointly controlled entity		**4,230**	**–**	**4,230**	–	–	–
Finance costs	7	**(594)**	**(2,887)**	**(3,481)**	–	(2,472)	(2,472)
Profit before tax		**152,893**	**138,193**	**291,086**	89,739	64,156	153,895
Income tax expense	8	**(19,993)**	**(23,710)**	**(43,703)**	(10,539)	(9,272)	(19,811)
Profit for the year attributable to owners of the Company	9	**132,900**	**114,483**	**247,383**	79,200	54,884	134,084
Earnings per share (in HK cents)	13						
Basic		**49.0**	**42.2**	**91.2**	29.2	20.3	49.5
Diluted		**48.9**	**42.2**	**91.1**	29.2	20.3	49.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**247,383**	134,084
Other comprehensive income		
Gain on fair value changes of available-for-sale investments	**30,182**	7,762
Reclassification of the cumulative exchange difference attributable to disposed subsidiary to income statement	**–**	2,254
Reclassification of the cumulative exchange difference attributable to disposed associate to income statement	**(976)**	–
Exchange realignment arising on translation of foreign operations *(note)*	**13,793**	3,256
Share of exchange reserve of associates and a jointly controlled entity	**16,203**	5,130
Other comprehensive income for the year attributable to owners of the Company	**59,202**	18,402
Total comprehensive income for the year attributable to owners of the Company	**306,585**	152,486

Note: Includes an amount of HK$26,804,000 (2009: HK$11,414,000) relating to the Disposal Group (see Note 1) and will be recognised as part of the gain on disposal on completion of the disposal.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	**31 December 2010 *HK$'000***	31 December 2009 *HK$'000* (restated)	1 January 2009 *HK$'000* (restated)
Non-current assets				
Investment properties	*14*	**699,924**	191,175	196,873
Property, plant and equipment	*15*	**23,890**	27,114	23,825
Interests in associates	*16*	**163,206**	133,459	109,372
Interests in a jointly controlled entity	*17*	**17,242**	–	–
Available-for-sale investments	*18*	**62,854**	28,382	12,610
Deposits for acquisition of investment properties		**–**	20,323	–
Deferred tax assets	*28*	**–**	459	351
		967,116	400,912	343,031
Current assets				
Inventories		**139,641**	236,115	297,567
Trade and other receivables, deposits and prepayments	*19*	**90,720**	582,379	578,729
Derivative financial instruments	*20*	**–**	697	–
Tax recoverable		**31**	–	1,864
Investments held-for-trading	*21*	**45,607**	42,501	33,682
Pledged bank deposits	*22*	**–**	21,086	20,369
Bank balances and cash	*23*	**59,901**	217,349	131,096
		335,900	1,100,127	1,063,307
Assets classified as held for sale	*24*	**1,386,035**	65,000	–
		1,721,935	1,165,127	1,063,307
Current liabilities				
Trade payables, other payables and accruals	*25*	**116,473**	505,948	407,578
Bills payable	*26*	**–**	19,171	74,758
Deposits received for investments properties held for sale		**705**	3,500	–
Derivative financial instruments	*20*	**–**	–	1,938
Tax payable		**8,357**	11,139	6,873
Bank loans	*27*	**226,176**	32,365	71,639
		351,711	572,123	562,786
Liabilities associated with assets classified as held for sale	*24*	**1,043,476**	684	–
		1,395,187	572,807	562,786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	**31 December 2010** ***HK$'000***	31 December 2009 *HK$'000* (restated)	1 January 2009 *HK$'000* (restated)
Net current assets		**326,748**	592,320	500,521
Total assets less current liabilities		**1,293,864**	993,232	843,552
Non-current liabilities				
Deferred tax liabilities	*28*	**37,331**	24,021	14,234
Net assets		**1,256,533**	969,211	829,318
Capital and reserves				
Share capital	*29*	**27,235**	27,102	27,102
Share premium		**61,129**	58,238	58,238
Reserves		**97,481**	39,194	20,753
Retained profits		**1,070,688**	844,677	723,225
Total equity		**1,256,533**	969,211	829,318

The consolidated financial statements on pages 28 to 95 were approved and authorised for issue by the Board of Directors on 29 March 2011 and are signed on its behalf by:

LIM Kiah Meng
DIRECTOR

LIM Kia Hong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Investments reserve *HK$'000*	Translation reserve *HK$'000*	Statutory reserve *HK$'000*	Contributed surplus *HK$'000* *(note)*	Share options reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2009	27,102	58,238	109	13,735	919	2,860	3,130	723,225	829,318
Profit for the year	–	–	–	–	–	–	–	134,084	134,084
Other comprehensive income for the year	–	–	7,762	10,640	–	–	–	–	18,402
Total comprehensive income for the year	–	–	7,762	10,640	–	–	–	134,084	152,486
Recognition of equity-settled share based payments	–	–	–	–	–	–	958	–	958
Transfer to retained profits on disposal of a subsidiary	–	–	–	–	(919)	–	–	919	–
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	–	–	(13,551)	(13,551)
At 31 December 2009	27,102	58,238	7,871	24,375	–	2,860	4,088	844,677	969,211
Profit for the year	–	–	–	–	–	–	–	247,383	247,383
Other comprehensive income for the year	–	–	30,182	29,020	–	–	–	–	59,202
Total comprehensive income for the year	–	–	30,182	29,020	–	–	–	247,383	306,585
Recognition of equity-settled share based payments	–	–	–	–	–	–	125	–	125
Issue of shares under employee share option plan	133	2,891	–	–	–	–	(731)	–	2,293
Reversal on lapse of share options	–	–	–	–	–	–	(309)	309	–
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	–	–	(21,681)	(21,681)
At 31 December 2010	**27,235**	**61,129**	**38,053**	**53,395**	**–**	**2,860**	**3,173**	**1,070,688**	**1,256,533**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 *HK$'000*	2009 *HK$'000*
Operating activities		
Profit before taxation	**291,086**	153,895
Adjustments for:		
Share of results of associates	**(38,584)**	(26,708)
Share of result of a jointly controlled entity	**(4,230)**	–
Loss on deemed disposal of an associate	**212**	–
Finance costs	**3,481**	2,472
(Reversal of) allowance for doubtful debts provided, net	**(4,694)**	9,907
Reversal of write-down of inventories, net	**(8,269)**	(2,409)
Dividend income from investments held-for-trading	**(3,656)**	(4,141)
Dividend income from available-for-sale investments	**(456)**	(1,088)
Interest income	**(1,545)**	(973)
Loss on disposal of a subsidiary	**–**	2,254
Share-based payments expense	**125**	958
Gain on disposal of available-for-sale investments	**(7)**	(679)
Gain on disposal of an associate	**(2,675)**	–
Impairment loss of available-for-sale investments	**6,903**	–
Increase in fair value of investment properties	**(109,389)**	(58,565)
Gain on disposal of investment properties	**(5,000)**	–
Loss (gain) on fair value changes on derivative financial instruments	**1,338**	(2,635)
Depreciation of property, plant and equipment	**2,854**	3,127
Loss on disposal of property, plant and equipment	**118**	1
Operating cash flows before movements in working capital	**127,612**	75,416
(Increase) decrease in inventories	**(277,438)**	67,036
Increase in trade and other receivables, deposits and prepayments	**(303,355)**	(7,339)
Increase in investments held-for-trading	**(3,106)**	(8,819)
Dividend received from investments held-for-trading	**3,656**	4,141
Increase in trade payables, other payables and accruals	**299,222**	94,780
Increase (decrease) in bills payable	**113,194**	(57,810)
Cash (used in) generated from operations	**(40,215)**	167,405
Hong Kong Profits Tax paid, net	**(14,271)**	(4,103)
Overseas Tax paid	**(1,317)**	(547)
Interest paid	**(3,481)**	(2,472)
Net cash (used in) from operating activities	**(59,284)**	160,283

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 HK$'000	2009 HK$'000
Investing activities		
Dividend received from associates	**9,496**	7,751
Dividend received from available-for-sale investments	**456**	1,088
Interest received	**1,545**	973
Increase in pledged bank deposits	**(478)**	(535)
Proceeds from disposal of available-for-sale investments	**33**	679
Purchase of available-for-sale investments	**(6,936)**	(8,010)
Purchase of property, plant and equipment	**(4,279)**	(6,376)
Acquisition of investment properties	**(383,446)**	–
Acquisition of a jointly controlled entity	**(12,679)**	–
Deposits received for disposal of investment properties	**705**	3,500
Deposits for acquisition of investment properties	**–**	(20,323)
Proceeds from disposal of investment properties	**66,500**	–
Proceeds from disposal of property, plant and equipment	**361**	9
Proceeds from disposal of an associate	**13,165**	–
Repayments of staff advances	**–**	491
Net cash used in investing activities	**(315,557)**	(20,753)
Financing activities		
Issue of shares	**2,293**	–
Dividends paid	**(21,681)**	(13,551)
New bank loans raised	**744,106**	188,551
Repayment of bank loans	**(370,891)**	(228,739)
Net cash from (used in) financing activities	**353,827**	(53,739)
Net (decrease) increase in cash and cash equivalents	**(21,014)**	85,791
Cash and cash equivalents at 1 January	**217,349**	131,096
Effect of foreign exchange rate changes	**4,283**	462
Cash and cash equivalents at 31 December	**200,618**	217,349

1. GENERAL

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

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

On 26 November 2010, a wholly-owned subsidiary of the Company entered into an agreement with Jardine OneSolution (BVI) Limited for the disposal of its entire interest in certain wholly-owned subsidiaries; namely SiS International Limited, SiS Technologies Pte. Ltd. and SiS Distribution (M) Sdn. Bhd. (the "Disposal Group") which are engaged in distribution of IT products. The transaction was completed on 3 January 2011. Details of the disposal are set out in note 24(a).

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

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

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

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of the improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

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

Amendments to HKAS 17 Leases (cont'd)

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. As a result of the reclassification of prepaid lease payments with pervious carrying amounts of HK$14,869,000 and HK$19,426,000 as at 1 January 2009 and 31 December 2009 respectively to property, plant and equipment, the carrying amounts of property, plant and equipment are increased by HK$14,869,000 and HK$19,426,000 from HK$8,956,000 and HK$7,688,000 to HK$23,825,000 and HK$27,114,000 respectively. The carrying amount of such leasehold land at 31 December 2010 of HK$19,398,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The Group did not, as at 1 January 2009 and 31 December 2009, have any non-current bank loans that contain a repayment on demand clause and therefore reclassification of the comparative figures is not required. As at 31 December 2010, bank loans that contain such on demand clause with aggregate carrying amount of HK$226,176,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

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

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
[2] *Effective for annual periods beginning on or after 1 July 2010*
[3] *Effective for annual periods beginning on or after 1 July 2011*
[4] *Effective for annual periods beginning on or after 1 January 2013*
[5] *Effective for annual periods beginning on or after 1 January 2012*
[6] *Effective for annual periods beginning on or after 1 January 2011*
[7] *Effective for annual periods beginning on or after 1 February 2010*

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of HKFRS 9 may have an impact on measurement and classification of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. Should HKAS 12 be early applied to the current year's financial statements and the presumption is not rebutted, deferred tax liabilities at 1 January 2009, 31 December 2009 and 31 December 2010 would have been reduced by HK$4,170,000, HK$13,137,000 and HK$28,489,000 respectively and deferred tax expense recognised in the income statement for the years ended 31 December 2009 and 2010 would have been reduced by HK$8,967,000 and HK$15,352,000 and the profit would have been increased by the same amount respectively.

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 consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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 in line with those used by other members of the Group.

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

Investments in associates

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in associates (cont'd)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Jointly controlled entities

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-current assets held for sale

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

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

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

Property, plant and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment properties

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

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

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets

The Group's financial assets are classified into one of the three categories, including loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. 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

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

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

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

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

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

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

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

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

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 other comprehensive income and accumulated in investments reserve. In respect of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Derivative financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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

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

Impairment loss on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition

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

Revenue from the sale of goods is recognised when goods are delivered and title are passed.

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

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

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

Leasing

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 in other comprehensive income and accumulated in translation reserve under equity.

From 1 January 2010 onwards, on the disposal of a foreign operation (including a disposal of the Group's entire interest in a foreign operation, loss of control over a subsidiary or loss of significant influence over an associate, that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing costs

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

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

Share-based payment

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

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

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

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.

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised in profit or loss, except when they relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. SEGMENTAL INFORMATION

Information reported to the Group's chief operating decision maker, executive directors, for the purpose of allocating resources to segments and assessment of segment performance focused on each of three geographical locations, i.e. Hong Kong, Singapore and Malaysia, in relation to distribution of information technology ("IT") products and property investment. This is the basis upon which the operation of the Group is organised.

4. SEGMENTAL INFORMATION (cont'd)

The Group's operating and reportable segments under HKFRS 8 are as follows:

1. Distribution of IT products – Hong Kong
2. Distribution of IT products – Singapore
3. Distribution of IT products – Malaysia
4. Property investment

The Disposal Group is engaged in distribution of certain brands of IT products, which represent major lines of the Group's distribution of IT products business operating independently in each of the geographical areas, Hong Kong, Singapore and Malaysia. After the disposal, the Group is restricted from carrying on business that compete with those of the Disposal Group in these territories within a certain period of time. The disposal constituted discontinued operations.

During the year, the Group started the business of distribution of separate lines of IT products in Hong Kong, Singapore and Malaysia.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	For the year ended 31 December 2010								
	Distribution of IT products						Property Investment	Consolidated	
	Hong Kong		Singapore		Malaysia				
	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000
SEGMENT REVENUE									
External sales	65,710	3,037,591	82,281	1,569,581	1,845	563,431	8,805	158,641	5,170,603
Segment profit (loss)	(579)	100,730	9,852	33,845	96	5,139	121,196	130,565	139,714
Income from investments held-for-trading and available-for-sale investments								6,487	868
Impairment loss on available-for-sale investments								(6,903)	–
Gain on disposal of an associate								2,675	–
Loss on deemed disposal of an associate								(212)	–
Other unallocated income								6,397	498
Share of results of associates								38,584	–
Share of result of a jointly controlled entity								4,230	–
Finance costs								(594)	(2,887)
Unallocated corporate expenses								(28,336)	–
Profit before tax								152,893	138,193

4. SEGMENTAL INFORMATION (cont'd)

Segment revenue and results (cont'd)

	For the year ended 31 December 2009								
	Distribution of IT products						Property Investment	Consolidated	
	Hong Kong		Singapore		Malaysia				
	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
SEGMENT REVENUE									
External sales	1,955	2,361,475	564	1,092,839	–	416,662	10,257	12,776	3,870,976
Segment profit (loss)	(8)	59,836	83	2,752	–	1,378	67,527	67,602	63,966
Income from investments held-for-trading and available-for-sale investments								12,188	2,073
Loss on disposal of a subsidiary								(2,254)	–
Other unallocated income								6,103	589
Share of results of associates								26,708	–
Finance costs								–	(2,472)
Unallocated corporate expenses								(20,608)	–
Profit before tax								89,739	64,156

The accounting policies adopted in preparing the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments, share of results of associates and a jointly controlled entity, gain on disposal of an associate, loss on disposal of a subsidiary, investment income, finance costs and other corporate expenses. This is the measure reported to the chief operating decision maker, who are the executive directors, for the purposes of resource allocation and performance assessment.

4. SEGMENTAL INFORMATION (cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	As at 31 December 2010				
	Distribution of IT products			Property Investment	Consolidated
	Hong Kong	Singapore	Malaysia		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	84,854	138,909	4,526	695,778	924,067
Interests in associates					163,206
Interests in a jointly controlled entity					17,242
Unallocated corporate assets					198,501
Total segment assets					1,303,016
Assets classified as held for sale					1,386,035
Consolidated total assets					2,689,051
LIABILITIES					
Segment liabilities	53,020	35,531	54	7,167	95,772
Unallocated corporate liabilities					293,270
Total segment liabilities					389,042
Liabilities associated with assets held for sale					1,043,476
Consolidated total liabilities					1,432,518

4. SEGMENTAL INFORMATION (cont'd)

Segment assets and liabilities (cont'd)

	As at 31 December 2009				
	Distribution of IT products			Property Investment	Consolidated
	Hong Kong	Singapore	Malaysia		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	510,802	250,421	60,309	280,506	1,102,038
Interests in associates					133,459
Unallocated corporate assets					330,542
Consolidated total assets					1,566,039
LIABILITIES					
Segment liabilities	289,118	183,676	66,831	9,205	548,830
Unallocated corporate liabilities					47,998
Consolidated total liabilities					596,828

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to reportable segments other than bank balances and deposits and other corporate assets, interests in associates and a jointly controlled entity, available-for-sale investments, investments held-for-trading, deferred tax assets and assets relating to discontinued operations.

- All liabilities are allocated to reportable segments other than current and deferred tax liabilities, other corporate liabilities and liabilities relating to discontinued operations.

4. SEGMENTAL INFORMATION (cont'd)

Other segment information

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

	For the year ended 31 December 2010									
	Distribution of IT products						Property Investment	Unallocated	Consolidated	
	Hong Kong		Singapore		Malaysia					
	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Continuing operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Capital additions	–	670	303	1,913	–	910	404,252	–	404,555	3,493
(Reversal of) allowance for doubtful debts	–	(3,080)	–	(2,462)	–	848	–	–	–	(4,694)
Depreciation	–	271	14	1,109	–	1,034	232	194	440	2,414
Increase in fair value of investment properties	–	–	–	–	–	–	109,389	–	109,389	–
Reversal of write-down of inventories	–	(2,300)	–	(1,905)	–	(4,064)	–	–	–	(8,269)

	For the year ended 31 December 2009									
	Distribution of IT products						Property Investment	Unallocated	Consolidated	
	Hong Kong		Singapore		Malaysia					
	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Continuing operations *HK$'000*	Continuing operations *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Capital additions	–	35	16	320	–	922	–	5,083	5,099	1,277
Allowance for doubtful debts	–	94	–	3,028	–	6,785	–	–	–	9,907
Depreciation	–	591	2	1,155	–	899	181	299	482	2,645
Increase in fair value of investment properties	–	–	–	–	–	–	58,565	–	58,565	–
Allowance for (reversal of) write-down of inventories	(13)	(265)	(569)	(2,316)	–	754	–	–	(582)	(1,827)

4. SEGMENTAL INFORMATION (cont'd)

Geographical information

The majority of the Group's revenue from continuing operations from external customers by geographical location of the customers are attributed to the group entities' countries of domiciles (i.e. Hong Kong, Singapore and Malaysia). There are no major customers contributing over 10% of the Group's revenue in both years.

Information about the Group's non-current assets by geographical location of assets (excluding assets classified as held for sale, available-for-sale investments, interests in associates and a jointly controlled entity and deferred tax assets) are set out below:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**683,622**	202,798
Singapore	**37,016**	30,850
Malaysia	**–**	1,943
The People's Republic of China ("PRC")	**3,176**	3,021
	723,814	238,612

5. REVENUE

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

	2010		2009	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Distribution of IT products	**149,836**	**5,170,603**	2,519	3,870,976
Renting of investment properties	**8,805**	**–**	10,257	–
	158,641	**5,170,603**	12,776	3,870,976

6. OTHER GAINS AND LOSSES

	2010		2009	
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Dividend income from available-for-sale investments	**454**	**2**	1,086	2
Dividend income from investments held-for-trading	**3,026**	**630**	3,423	718
Discount on early settlement to suppliers	**–**	**15,263**	–	13,958
Exchange gain, net	**5,721**	**19,926**	5,593	13,570
(Loss) gain on fair value changes on derivative financial instruments	**–**	**(1,388)**	–	2,635
Interest on bank deposits	**1,047**	**498**	434	539
Impairment loss on available-for-sale investments	**(6,903)**	**–**	–	–
Gain on disposal of available-for-sale investments	**–**	**7**	679	–
Gain on disposal of an associate	**2,675**	**–**	–	–
Gain on disposal of investment properties	**5,000**	**–**	–	–
Loss on deemed disposal of an associate	**(212)**	**–**	–	–
Loss on disposal of a subsidiary	**–**	**–**	(2,254)	–
Change in fair value of investments held-for-trading	**3,007**	**229**	7,000	1,353
Change in fair value of investment properties	**109,389**	**–**	58,565	–

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

	2010		2009	
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Current tax				
Hong Kong	**186**	**16,723**	19	9,930
Singapore	**1,678**	**4,165**	96	–
Others	**–**	**342**	–	536
	1,864	**21,230**	115	10,466
Deferred taxation	**18,129**	**2,480**	10,424	(1,194)
Income tax expense for the year	**19,993**	**23,710**	10,539	9,272

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

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

Others are calculated at the rates prevailing in the respective jurisdictions.

8. INCOME TAX EXPENSE (cont'd)

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

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Profit before tax from continuing operations	**152,893**	89,739
Tax at the domestic income tax rate of 16.5% *(note)*	**25,227**	14,807
Tax effect of share of results of associates	**(6,366)**	(4,407)
Tax effect of share of result of a jointly controlled entity	**(698)**	–
Tax effect of expenses not deductible for tax purpose	**4,280**	1,888
Tax effect of income not taxable for tax purpose	**(4,732)**	(3,895)
Tax effect of tax losses/deductible temporary differences not recognised	**140**	1,035
Utilisation of tax losses/deductible temporary differences previously not recognised	**(41)**	(198)
Effect of different tax rates of subsidiaries	**49**	–
Withholding tax on share of result of an associate	**2,299**	1,893
Others	**(165)**	(584)
Tax charge for the year for continuing operations	**19,993**	10,539

Note:

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

9. PROFIT FOR THE YEAR

	2010		2009	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Profit for the year has been arrived at after charging:				
Cost of inventories recognised as an expense	**131,353**	**4,923,780**	160	3,712,097
Staff costs *(note)*	**19,842**	**95,511**	16,038	72,573
Auditor's remuneration	**1,133**	**–**	652	715
Allowance for doubtful debts provided	**–**	**6,980**	–	9,907
Write-down of inventories	**–**	**1,210**	2	1,981
Depreciation of property, plant and equipment	**440**	**2,414**	482	2,645
Operating lease rentals in respect of rented premises	**–**	**14,364**	174	13,500
Share of tax of associates (included in share of results of associates)	**10,958**	**–**	12,338	–
Loss on disposal of property, plant and equipment	**–**	**118**	–	1
and after crediting:				
Gross rental income from investment properties	**8,805**	**–**	10,257	–
Less: Direct operating expenses	**(1,817)**	**–**	(1,285)	–
Net rental income	**6,988**	**–**	8,972	–
Reversal of allowance for doubtful debts provided	**–**	**11,674**	–	–
Reversal of write-down of inventories	**–**	**9,479**	584	3,808

Note:

Staff costs include emoluments to the directors as set out in note 10 and retirement benefit schemes contributions and share-based payments of HK$6,042,000 (2009: HK$4,827,000) and HK$125,000 (2009: HK$958,000) respectively.

10. DIRECTORS' EMOLUMENTS

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

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

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit scheme HK$'000	Share-based payments HK$'000	2009 Total HK$'000
Executive directors:					
Mr. Lim Siam Kwee (deceased on 7 May 2009)	–	226	5	79	310
Mr. Lim Kiah Meng	110	2,877	32	79	3,098
Mr. Lim Kia Hong	110	2,877	36	79	3,102
Mr. Lim Hwee Hai	110	2,887	26	79	3,102
Madam Lim Hwee Noi	110	1,587	25	79	1,801
	440	10,454	124	395	11,413
Independent non-executive directors:					
Mr. Lee Hiok Chuan	215	–	–	25	240
Mr. Woon Wee Teng	215	–	–	25	240
Ms. Ong Wui Leng	215	–	–	25	240
	645	–	–	75	720
	1,085	10,454	124	470	12,133

No directors waived any of their emoluments during the two years ended 31 December 2009 and 2010.

Note: The performance related bonus is determined by reference to the performance of the Company and individual directors and approved by the Remuneration Committee.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2009: three) were directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the remaining one (2009: two) individual were as follow:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**2,763**	3,947
Contributions to retirement benefit scheme	**12**	31
Share-based payment expense	**9**	99
	2,784	4,077

Their emoluments were within the following bands:

	2010	2009
	No. of employees	*No. of employees*
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	**1**	–

12. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Final dividend, paid in respect of the year ended 31 December 2009 of 8.0 HK cents per share (2009: 5.0 HK cents per share in respect of the year ended 31 December 2008)	**21,681**	13,551
Final and special dividend, proposed in respect of the year ended 31 December 2010 of totally 12.0 HK cents per share (2009: 8.0 HK cents per share)	**32,928**	21,681

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

13. EARNINGS PER SHARE

The calculation of both the basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company of HK$247,383,000 (2009: HK$134,084,000).

	2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	**271,066,889**	271,016,661
Effect of dilutive potential ordinary share: Share options issued by the Company	**500,318**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**271,567,207**	271,016,661

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

The diluted earnings per share for 2009 does not take into account outstanding share options at the end of the reporting period as the exercise price of those options is higher than the average market price for shares in 2009.

The calculation of basic and diluted earnings per share for the continuing and discontinued operation is based on the profit for the year from the continuing and discontinued operations of HK$132,900,000 (2009: HK$79,200,000) and HK$114,483,000 (2009: HK$54,884,000) respectively and the denominators detailed above.

14. INVESTMENT PROPERTIES

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**191,175**	196,873
Exchange realignment	**2,641**	737
Additions	**403,769**	–
Increase in fair value recognised in income statement	**109,389**	58,565
Transfer to assets classified as held for sale	**(7,050)**	(65,000)
At 31 December	**699,924**	191,175

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

	2010	2009
	HK$'000	*HK$'000*
Hong Kong		
under long lease	**621,000**	125,000
under medium-term lease	**39,400**	34,900
Singapore		
freehold	**18,780**	14,127
under long lease	**17,568**	14,127
The PRC		
under medium-term lease	**3,176**	3,021
	699,924	191,175

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land and building in Hong Kong under long lease HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2009					
As originally stated	3,820	7,346	26,720	3,688	41,574
Effect of change in accounting policy	15,068	–	–	–	15,068
As restated	18,888	7,346	26,720	3,688	56,642
Exchange realignment	–	113	361	59	533
Additions	5,083	368	925	–	6,376
Disposals	–	–	(47)	–	(47)
At 31 December 2009 as restated	23,971	7,827	27,959	3,747	63,504
Exchange realignment	–	446	1,133	236	1,815
Additions	–	657	1,604	2,018	4,279
Disposals	–	–	(5,539)	(2,591)	(8,130)
Reclassify to assets held for sale	–	(6,770)	(25,055)	(1,241)	(33,066)
At 31 December 2010	23,971	2,160	102	2,169	28,402
DEPRECIATION					
At 1 January 2009					
As originally stated	538	6,256	23,274	2,550	32,618
Effect of change in accounting policy	199	–	–	–	199
As restated	737	6,256	23,274	2,550	32,817
Exchange realignment	–	111	320	52	483
Provided for the year	101	814	1,694	518	3,127
Eliminated on disposals	–	–	(37)	–	(37)
At 31 December 2009 as restated	838	7,181	25,251	3,120	36,390
Exchange realignment	–	411	955	169	1,535
Provided for the year	114	406	1,344	990	2,854
Eliminated on disposals	–	–	(5,417)	(2,234)	(7,651)
Reclassify to assets held for sale	–	(6,278)	(22,090)	(248)	(28,616)
At 31 December 2010	952	1,720	43	1,797	4,512
CARRYING VALUES					
At 31 December 2010	23,019	440	59	372	23,890
At 31 December 2009 (restated)	23,133	646	2,708	627	27,114
At 1 January 2009 (restated)	18,151	1,090	3,446	1,138	23,825

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

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

Leasehold land	Over the unexpired term of the lease
Building	2% – 2.5%
Leasehold improvements	20% or the term of the lease, whichever is shorter
Furniture, fixtures and equipment	15% – 50%
Motor vehicles	20%

16. INTERESTS IN ASSOCIATES

	2010 *HK$'000*	2009 *HK$'000*
Cost of investment in associates		
Listed overseas	**29,850**	29,850
Unlisted	**–**	280
Share of post-acquisition profits, net of dividend received	**133,356**	103,329
	163,206	133,459
Fair value of listed associate	**359,110**	182,448

16. INTERESTS IN ASSOCIATES (cont'd)

Details of the associates as at 31 December 2009 and 2010 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 2010	2009	Principal activities
SiS Distribution (Thailand) Public Company Limited (listed on the Stock Exchange of Thailand)	Limited company	Thailand	Ordinary	**47.8%**	49.1%	Distribution of IT products and provision of 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%	Inactive
ECS Pericomp Sdn. Bhd. *(Note)*	Limited company	Malaysia	Ordinary	–	20%	Marketing of microcomputers, peripherals, software and the provision of computer maintenance services

Note:

In April 2010, the Group disposed of its entire 20% interest in ECS Pericomp Sdn. Bhd. to ECS ICT Berhad ("ECS ICT"), pursuant to a group reorganization and preparation for listing of the shares of ECS ICT on the Stock Exchange of Malaysia, 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 the balance for cash of Malaysian dollars 5,440,000 (equivalent to HK$13,165,000). A disposal gain of HK$2,675,000 is recognised in the income statement.

16. INTERESTS IN ASSOCIATES (cont'd)

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

	2010	2009
	HK$'000	*HK$'000*
Total assets	**922,023**	864,280
Total liabilities	**(584,421)**	(551,900)
Net assets	**337,602**	312,380
Group's share of net assets of associates	**163,206**	133,459
Revenue	**3,471,114**	3,419,209
Profit for the year	**80,343**	60,589
Group's share of profits of associates for the year	**38,584**	26,708

The Group has discontinued recognising its share 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:

	2010	2009
	HK$'000	*HK$'000*
Unrecognised share of (losses) gain of associates for the year	**(750)**	71
Accumulated unrecognised share of losses of associates	**(1,626)**	(876)

17. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	2010 HK$'000	2009 HK$'000
Cost of investments	12,679	–
Share of post-acquisition profits and reserves	4,563	–
	17,242	–

Particulars of the Group's jointly controlled entity which was acquired during the year are as follows:

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

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

The excess of the proportionate share of net asset value over the consideration for the acquisition of Hangxin of HK$3,124,000 was recognised and included as income in the determination of the Group's share of profit of a jointly controlled entity.

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

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

	HK$'000
Non-current assets	7,634
Current assets	22,496
Current liabilities	(12,888)
Income recognised in profit or loss	11,682
Expenses recognised in profit or loss	(10,576)
Other comprehensive income	333

18. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	HK$'000	*HK$'000*
Equity securities, listed overseas, at fair value	**52,762**	19,072
Equity securities, unlisted, at cost	**8,792**	8,010
Club debentures, unlisted, at cost	**1,300**	1,300
	62,854	28,382

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

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**84,198**	596,432
Less: allowance for doubtful debts	**(15)**	(25,855)
	84,183	570,577
Deposits, prepayments and other receivables	**6,537**	11,802
	90,720	582,379

The Group maintains a defined credit policy. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits granted to customers are reviewed periodically. For sales of goods, the Group allows an average credit period of 30 – 60 days to its trade customers. No credit period is granted to customers for renting of properties. No interest is charged on overdue debts.

Included in the trade receivable balance are debts with total carrying amount of HK$33,464,000 (2009: HK$225,222,000) 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 reporting date. No collateral is held over these receivables. Trade receivables which are neither overdue nor impaired are in good quality.

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

	2010	2009
	HK$'000	*HK$'000*
Overdue:		
Within 30 days	**33,395**	164,442
31 to 90 days	**48**	52,381
91 to 120 days	**–**	933
Over 120 days	**21**	7,466
	33,464	225,222

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

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

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**25,855**	15,789
Exchange realignment	**1,232**	197
Impairment losses recognised on receivables	**6,980**	9,907
Amounts written off as uncollectible	**(6,655)**	(38)
Amounts recovered during the year	**(11,674)**	–
Reclassify to assets held for sale	**(15,723)**	–
Balance at end of the year	**15**	25,855

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$15,000 (2009: HK$25,855,000) which have either been in severe financial difficulties or with default payments. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period. The analysis includes those classified as part of the Disposal Group held for sale.

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**486,257**	322,772
31 to 90 days	**333,390**	211,889
91 to 120 days	**36,827**	25,781
Over 120 days	**14,652**	10,135
	871,126	570,577

20. DERIVATIVE FINANCIAL INSTRUMENTS

The Disposal Group enters into foreign currency forward contracts to manage its exposure to currency fluctuations risk of certain trade payables denominated in United States Dollars ("USD"). Under the contracts, the Disposal Group is required to buy varying amounts of USD at specified spot rates at specified intervals until maturity of the respective contracts. These derivatives are not accounted for under hedge accounting.

Foreign currency forward contracts outstanding as at 31 December 2010 were reclassified to assets held for sale.

21. INVESTMENTS HELD-FOR-TRADING

	2010	2009
	HK$'000	*HK$'000*
Equity securities, listed overseas, at fair value	**45,477**	42,152
Equity securities, listed in Hong Kong, at fair value	**130**	349
	45,607	42,501

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

22. PLEDGED BANK DEPOSITS

Pledged bank deposits which carries fixed interest rates ranging from 1.5% to 3.7% per annum with maturity date less than six months have been pledged to secure banking facilities granted to the Group. The deposits which are held by the Disposal Group are classified to assets held for sale on 31 December 2010.

23. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits which carry interest at market rates ranging from 0.001% to 4.44% (2009: 0.001% to 4.55%) per annum with an original maturity of three months or less.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of the relevant group entities, amount to HK$44,971,000 (2009: HK$40,923,000).

24. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES

	Assets		**Liabilities**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Disposal Group *(note a)*	**1,378,985**	–	**1,043,453**	–
Investment properties *(note b)*	**7,050**	65,000	**23**	684
	1,386,035	65,000	**1,043,476**	684

24. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES (cont'd)

Notes:

(a) Disposal of subsidiaries

On 26 November 2010, the Group entered into an agreement for the disposal of its entire interest of the Disposal Group at a consideration of US$70 million (equivalent to HK$546,000,000) received on date of completion, 3 January 2011 and a balance payment equivalent to the estimated net asset value as defined in the agreement of the Disposal Group ("Net Asset Value Payment"). Net Asset Value Payment is receivable within 14 business days after the completion of the determination of the net asset value which is expected to be within 2011.

The assets and liabilities attributable to the Disposal Group, which are presented below, are classified as assets held for sale and liabilities associated with assets held for sale and are presented separately in the consolidated statement of financial position. The gain, net of transaction costs, arising on the disposal is estimated to be approximately HK$513 million and will be recognised in the financial statements for the year ending 31 December 2011.

	HK$'000
Property, plant and equipment	4,450
Deferred tax assets	358
Inventories	390,629
Trade and other receivables, deposits and prepayments	819,409
Tax recoverable	459
Pledged bank deposits	22,963
Bank balances and cash	140,717
Total assets classified as held for sale	1,378,985
Trade payables, other payables and accruals	706,992
Bills payable	134,157
Derivative financial instruments	641
Tax payable	11,287
Bank loans	181,552
Deferred tax liabilities	8,824
Total liabilities associated with assets held for sale	1,043,453

During the year, the Disposal Group contributed HK$20,456,000 (2009: HK$158,591,000) to the Group's net operating cash flows, paid HK$2,446,000 (2009: HK$541,000) in respect of investing activities and contributed HK$2,039,000 (2009: paid HK$90,188,000) in respect of financing activities.

24. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES (cont'd)

Notes: (cont'd)

(b) Disposal of investment properties

On 28 October 2010, a subsidiary of the Group entered into a provisional sale and purchase agreement for the disposal of a property in Hong Kong, at consideration of HK$7,050,000 of which deposit of HK$705,000 had been received. The transaction was completed on 11 January 2011. The investment properties is stated at fair value which has been arrived at by reference to the consideration received on disposal. As at 31 December 2010, the liabilities associated with the investment properties to be disposed of represent rental deposits of HK$23,000 which were assigned to the purchaser on completion.

On 29 December 2009, a subsidiary of the Group entered into a provisional sale and purchase agreement for the disposal of properties, the Carpark Nos. 1-64 at the seventh floor of United Centre, 95 Queensway in Hong Kong, at consideration of HK$70,000,000. The transaction was completed with consideration received on 8 March 2010. The investment properties are stated at fair value which have been arrived at on the basis of valuation carried out on that date by DTZ Debenham Tie Leung Ltd., which is independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties. The liabilities associated with the investment properties disposed of were rental deposits of HK$684,000 which were assigned to the purchaser on completion.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

Trade payables that are denominated in United States dollars, currency other than the functional currencies of the relevant group entities amounted to HK$47,997,000 (2009: HK$320,390,000) arising from continuing operations.

The following is an aged analysis of the trade payables based on the invoice date at the end of the reporting period. The analysis includes those of the Disposal Group.

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**512,527**	298,151
31 to 90 days	**139,914**	91,295
91 to 120 days	**2,612**	2,421
Over 120 days	**5,028**	8,234
Trade payables	**660,081**	400,101

26. BILLS PAYABLE

The following is an aged analysis of bill payable at the end of the reporting period. The analysis includes those of the Disposal Group.

	2010 HK$'000	2009 HK$'000
Within 30 days	**26,920**	16,544
31 to 90 days	**107,237**	2,627
	134,157	19,171

The effective interest rates of the bills are 1.7% (2009: 2.7%) per annum.

27. BANK LOANS

The bank loans which are secured and repayable within one year according to HK Int 5 *(see Note 2)* carry variable interest rates ranging from 0.8% to 1.9% (2009: 3.8% to 5.6%) per annum.

28. DEFERRED TAXATION

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

	2010 HK$'000	2009 HK$'000
Deferred tax assets	**–**	459
Deferred tax liabilities	**(37,331)**	(24,021)
	(37,331)	(23,562)

28. DEFERRED TAXATION (cont'd)

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

	Accelerated tax depreciation HK$'000	Allowances for doubtful debts/ inventories HK$'000	Revaluation of investment properties HK$'000	Tax losses HK$'000	Undistributed earnings of an associate HK$'000	Others HK$'000	Total HK$'000
At 1 January 2009	(2,424)	2,940	(4,170)	3,267	(5,166)	(8,330)	(13,883)
Credit (charge) to income statement	178	(394)	(8,967)	1,483	(1,893)	(7)	(9,600)
Effect of change in tax rate	14	(87)	–	(16)	–	459	370
Exchange realignment	(2)	29	–	44	(290)	(230)	(449)
At 1 January 2010	**(2,234)**	**2,488**	**(13,137)**	**4,778**	**(7,349)**	**(8,108)**	**(23,562)**
Charge to income statement	**(594)**	**(575)**	**(15,352)**	**(1,581)**	**(2,299)**	**(208)**	**(20,609)**
Exchange realignment	**(11)**	**51**	**–**	**43**	**(952)**	**(757)**	**(1,626)**
Reclassify to Disposal Group	**14**	**(608)**	**–**	**–**	**–**	**9,060**	**8,466**
At 31 December 2010	**(2,825)**	**1,356**	**(28,489)**	**3,240**	**(10,600)**	**(13)**	**(37,331)**

Others mainly represents deferred tax liabilities of approximately S$1,461,000 (equivalent to HK$8,851,000) (2009: S$1,461,000 (equivalent to HK$8,097,000)) 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 was expected to be transferred to current tax liability on determination of the taxability of the gain.

At the end of the reporting period, the Group has unrecognised deductible temporary differences of HK$20,197,000 (2009: HK$20,197,000) and unutilised tax losses of HK$20,116,000 (2009: HK$6,282,000).

A deferred tax asset has been recognised in respect of the tax losses of HK$19,268,000 (2009: HK$6,034,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$848,000 (2009: HK$248,000) and the deductible temporary differences due to the unpredictability of future profit streams.

29. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Nominal value	
	2010	2009	**2010**	2009
			HK$'000	*HK$'000*
Authorised	**350,000,000**	350,000,000	**35,000**	35,000
Issued and fully paid				
At beginning of year	**271,016,661**	271,016,661	**27,102**	27,102
Allotted during the year	**1,333,334**	–	**133**	–
At end of year	**272,349,995**	271,016,661	**27,235**	27,102

In November and December of 2010, 1,333,334 ordinary shares were issued and allotted under the share option scheme at a price of HK$1.72 per share giving a total cash consideration of HK$2,293,000.

30. CAPITAL RISK MANAGEMENT

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

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

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

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2010	2009
	HK$'000	*HK$'000*
Financial assets		
Derivative financial instruments	**–**	697
Available-for-sale investments	**62,854**	28,382
Investments held-for-trading	**45,607**	42,501
Loans and receivables (including cash and cash equivalents)	**148,559**	810,259
Financial liabilities		
Financial liabilities stated at amortised cost	**325,733**	484,152

The above information does not include financial instruments classified as assets held for sale.

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, derivative financial instruments, 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.

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk

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

(i) Currency risk

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

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

	Assets		**Liabilities**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars	**3,284**	35,549	**49,616**	320,390
Australian dollars	**23,580**	17,896	**–**	–
Singapore dollars	**2,141**	509	**–**	–
New Zealand dollars	**2,129**	1,929	**–**	–
Malaysian dollars	**13,370**	–	**–**	–

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.

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity analysis

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

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

	2010		2009	
	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 dollars	**1.5**	**(580)**	1.5	(3,568)
	(1.5)	**580**	(1.5)	3,568
Australian dollars	**10.0**	**2,358**	10.0	1,790
	(10.0)	**(2,358)**	(10.0)	(1,790)
Singapore dollars	**10.0**	**214**	10.0	51
	(10.0)	**(214)**	(10.0)	(51)
New Zealand dollars	**10.0**	**213**	10.0	193
	(10.0)	**(213)**	(10.0)	(193)
Malaysian dollars	**5.0**	**669**	–	–
	(5.0)	**(669)**	–	–

Since Hong Kong dollars are pegged to United States dollars, sensitivity analysis of the derivative financial instruments denominated in United States dollars has not been presented as the impact of the fluctuation of United States dollars against Hong Kong dollars is insignificant.

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk (cont'd)

(ii) Interest rate risk

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

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 the financial liabilities which are non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amounts of bank loans, outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2009: 100 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 (2009: 100 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$1,889,000 (2009: decrease/increase by HK$402,000).

(iii) Price risk

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

Sensitivity analysis

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

If the price of the respective listed equity securities classified as held-for-trading investments had been 10% (2009: 10%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by HK$4,561,000 (2009: increase/decrease by HK$4,250,000) as a result of the changes in fair value of held-for-trading investments.

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Market risk (cont'd)

(iii) Price risk (cont'd)

Sensitivity analysis (cont'd)

If the price of the respective listed equity securities classified as available-for-sale investments had been 10% (2009: 10%) higher/lower, the Group's available-for-sale investments and investment reserve would increase/decrease by HK$5,276,000 (2009: HK$1,907,000). However, any significant or prolonged decrease in the fair value of available-for-sale investments below the Group's cost that requires recognizing impairment loss in profit or loss, the Group's post-tax profit for the year would decrease by the amount of impairment loss recognised.

Credit risk

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

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

The 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.

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Liquidity risk (cont'd)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross cash (inflows) and outflows on those derivatives that require gross cash settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate	On demand	Within 3 months	3 – 6 months	7 – 12 months	1 – 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2010
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010								
Non-derivative financial liabilities								
Trade and other payables	N/A	–	(99,557)	–	–	–	(99,557)	(99,557)
Bank loans	1.0	(226,176)	–	–	–	–	(226,176)	(226,176)
		(226,176)	(99,557)	–	–	–	(325,733)	(325,733)

	Weighted average interest rate	On demand	Within 3 months	3 – 6 months	7 – 12 months	1 – 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2009
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009								
Non-derivative financial liabilities								
Trade and other payables	N/A	–	(432,616)	–	–	–	(432,616)	(432,616)
Bills payables	2.7	–	(19,300)	–	–	–	(19,300)	(19,171)
Bank loans	4.7	(32,747)	–	–	–	–	(32,747)	(32,365)
		(32,747)	(451,916)	–	–	–	(484,663)	(484,152)
Derivative financial instruments								
Foreign exchange forward contracts								
– cash inflows			109,235	68,720	69,416	7,722	255,093	
– cash outflows			(108,839)	(68,565)	(69,270)	(7,705)	(254,379)	
			396	155	146	17	714	697

31. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives (cont'd)

Liquidity risk (cont'd)

Bank loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 December 2010 and 31 December 2009, the aggregate undiscounted principal amounts of these bank loans amounted to HK$226,176,000 and HK$32,365,000 respectively. Subsequent to 31 December 2010, the Group has settled all outstanding of these bank loans at its discretion.

c. Fair value

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

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

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

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

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

31. FINANCIAL INSTRUMENTS (cont'd)

c. Fair value (cont'd)

	At 31 December 2010		
	Level 1	**Level 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets at FVTPL			
Non-derivative financial assets held for trading	45,607	–	45,607
Available-for-sale financial assets			
Listed equity securities	52,762	–	52,762
Total	98,369	–	98,369

	At 31 December 2009		
	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial assets at FVTPL			
Derivative financial assets	–	697	697
Non-derivative financial assets held for trading	42,501	–	42,501
Available-for-sale financial assets			
Listed equity securities	19,072	–	19,072
Total	61,573	697	62,270

There were no transfers between Level 1 and 2 in both years.

32. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases excluding leases entered into by the Disposal Group which fall due as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**549**	13,105
In the second to fifth year inclusive	**–**	12,965
	549	26,070

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

The Group as lessor

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

	2010	2009
	HK$'000	*HK$'000*
Within one year	**13,494**	8,359
In the second to fifth year inclusive	**16,593**	9,654
	30,087	18,013

33. SHARE OPTION SCHEME

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

On 20 August 2007, 4,750,000, 5,000,000 and 400,000 numbers of share options were granted to certain directors and employees of the Group and directors of an associate respectively 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 2010	Vesting period	Exercise period
749,997	21 August 2007 – 18 February 2008	18 February 2008 – 20 May 2017
2,433,334	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017
2,433,340	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017

The movements in the options are as follows:

Grantee	At 1 January 2009 and 1 January 2010	Lapsed during the year	Exercised during the year	At 31 December 2010
Directors	3,166,671	(533,334)	–	2,633,337
Employees and others	4,316,668	–	(1,333,334)	2,983,334
	7,483,339	(533,334)	(1,333,334)	5,616,671

The weighted average share price at the date of exercise of the share options during the year was HK$3.07.

No options were exercised nor lapsed during the year ended 31 December 2009.

No options were granted during the two years ended 31 December 2009 and 2010.

33. SHARE OPTION SCHEME (cont'd)

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%

34. 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.

35. PLEDGE OF ASSETS

At 31 December 2010, the Group's investment properties and bank deposits with carrying values of HK$456,000,000 (2009: HK$65,000,000) and HK$22,963,000 (2009: HK$21,086,000) respectively were pledged to secure bank loans and general banking facilities granted to the Group.

36. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sales of goods	**480**	–	**–**	–
Purchase of goods	**1,607**	437	**–**	–
Income from management service	**2,373**	1,957	**–**	–
Operating lease rentals expense	**–**	–	**9,734**	9,352

Amounts due from the associates outstanding at 31 December 2010 included in other receivables amount to HK$210,000 (2009: HK$171,000). The amounts are unsecured, interest free and repayable on demand.

Two directors have controlling interest in one of the related companies. All executive directors (and their associates) together hold 56% indirect interest in another related company.

Apart from the above, remunerations paid and payable to the executive directors of the Company who are considered to be the key management personnels are disclosed in note 10. The remuneration of directors are determined by the Remuneration Committee having regard to the Group's operating result, performance of individuals and market trends.

37. OTHER COMMITMENTS

Capital expenditure in respect of a acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounted to HK$900,000 (2009: Nil).

38. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2009 and 2010 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 2010 %	2009 %	Principal activities
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
Indirect subsidiaries:						
Computer Zone Limited	Hong Kong	Ordinary	HK$2	**100**	100	Property investment
Ever Wealthy Limited	Hong Kong	Ordinary	HK$1	**100**	100	Inactive
Faith Prosper Ltd.	British Virgin Islands	Ordinary	US$1	**100**	100	Inactive
Gain Best Limited	Hong Kong	Ordinary	HK$1	**100**	–	Property investment
Gold Kite Limited	Hong Kong	Ordinary	HK$1	**100**	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 and communication products
Qool International Limited	Hong Kong	Ordinary	HK$1	**100**	–	Distribution of IT and communication products
Qool Distribution (M) Sdn Bhd	Malaysia	Ordinary	RM2	**100**	–	Distribution of IT and communication Products
QR Capital Limited (formerly known as SiS Capital Limited)	Hong Kong	Ordinary	HK$1	**100**	100	Property investment

38. PRINCIPAL SUBSIDIARIES (cont'd)

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
				2010	2009	
				%	%	
Indirect subsidiaries (cont'd):						
SiS Asia Pte. Ltd.	Singapore	Ordinary	S$2	**100**	100	Investment holding, provision of hardware, software 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 and provision of computer training services
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, investment trading and property investment
SiS Macau Limited	Macau	Ordinary	MOP25,000	**100**	100	Distribution of IT products
SiS Netrepreneur Ventures Corp.	British Virgin Islands	Ordinary	US$1	**100**	100	Investment holding

38. PRINCIPAL SUBSIDIARIES (cont'd)

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
				2010	2009	
				%	%	
Indirect subsidiaries (cont'd):						
SiS Technologies Pte. Ltd.	Singapore	Ordinary	S$1,000,000	**100**	100	Distribution of IT products and provision of training and consultancy services
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Ordinary	S$2	**100**	100	Investment holding
UC Capital Limited	Hong Kong	Ordinary	HK$1	**100**	–	Inactive

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

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**5,329,244**	3,883,752	4,563,332	4,260,503	3,396,237
Profit before taxation	**291,086**	153,895	52,568	204,257	114,449
Income tax expense	**(43,703)**	(19,811)	(10,749)	(34,306)	(22,188)
Profit for the year	**247,383**	134,084	41,819	169,951	92,261
Net profit attributable to:					
Owners of the Company	**247,383**	134,084	41,819	170,341	92,459
Non-controlling interests	**–**	–	–	(390)	(198)
	247,383	134,084	41,819	169,951	92,261

ASSETS AND LIABILITIES

	At 31 December				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**2,689,051**	1,566,039	1,406,338	1,489,611	1,255,168
Total liabilities	**(1,432,518)**	(596,828)	(577,020)	(658,917)	(597,413)
	1,256,533	969,211	829,318	830,694	657,755
Equity attributable to:					
Owners of the Company	**1,256,533**	969,211	829,318	830,694	656,963
Non-controlling interests	**–**	–	–	–	792
	1,256,533	969,211	829,318	830,694	657,755

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2010

Name of property and location	Lease terms	Use
Investment properties		
#11-07/23 Maxwell House 20 Maxwell Road Singapore	Long-term lease	Commercial
#01-08 23 Dalvey Estate Singapore	Freehold	Residential
#03-07 23 Dalvey Estate Singapore	Freehold	Residential
8th Floor Far East Finance Centre 16 Harcourt Road Hong Kong	Long-term lease	Commercial
8th Floor 9 Queen's Road Central Hong Kong	Long-term lease	Commercial
23rd Floor, United Centre 95 Queensway Hong Kong	Long-term lease	Commercial
Unit 1, 11th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office
Unit 5, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office
Unit 6, 17th Floor Eastern Harbour Centre 28 Hoi Chak Street Hong Kong	Medium-term lease	Industrial/Office
Unit 5, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	Medium-term lease	Industrial/Office

PARTICULARS OF INVESTMENT PROPERTIES

AT 31 DECEMBER 2010

Name of property and location	Lease terms	Use
Investment properties (cont'd)		
Unit 6, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	Medium-term lease	Industrial/Office
Unit 7, 7th Floor New Treasure Centre 10 Ng Fong Street, Hong Kong	Medium-term lease	Industrial/Office
Units 2611 and 2612 26th Level Metro Plaza Nos. 183-187 Tian He Bei Road Tian He District Guangzhou The PRC	Medium-term lease	Commercial
Investment properties held for sale		
Workshop No. 7, 3rd Floor Hewlett Centre 54 Hoi Yuen Road Hong Kong	Medium-term lease	Industrial/Office