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**SiS INTERNATIONAL HOLDINGS LIMITED****新龍國際集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 529)****MAJOR TRANSACTION
ACQUISITION OF PROPERTY**

24 August 2010

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DEFINITIONS

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

“%”	per cent
“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Memorandum S&P Agreement
“Board”	the board of Directors
“Company”	SiS International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code 529)
“Completion”	completion of the Acquisition pursuant to the Memorandum S&P Agreement and/or the formal agreement(s) to be entered into under its terms
“connected person”	shall have the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 August 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	the twenty third floor of United Centre at No. 95 Queensway, Hong Kong and having a total gross floor area of approximately 20,489 square feet
“Memorandum S&P Agreement”	The memorandum of agreement for sale and purchase of the Property dated 24 June 2010 entered into between the Vendor and the Purchaser

DEFINITIONS

“Purchaser”	Gain Best Limited, an indirect wholly-owned subsidiary of the Company, or its nominees
“SFO”	the Securities and Futures Ordinance (Chapter 571) of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	Shareholder(s) of the Company, holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Valuer”	DTZ Debenham Tie Leung Ltd., an independent qualified valuer
“Vendor”	Sumitomo Corporation (Hong Kong) Limited, a limited liability company incorporated in Hong Kong

LETTER FROM THE BOARD



SiS INTERNATIONAL HOLDINGS LIMITED

新龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 529)

Board of directors:

Executive Directors

Mr. Lim Kia Hong (*Chairman*)

Mr. Lim Kiah Meng

Mr. Lim Hwee Hai

Madam Lim Hwee Noi

Independent Non-executive Directors

Mr. Lee Hiok Chuan

Mr. Woon Wee Teng

Ms. Ong Wui Leng

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Place of Business in

Hong Kong:

Room 301

Eastern Harbour Centre

28 Hoi Chak Street

Quarry Bay

Hong Kong

24 August 2010

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF PROPERTY

I. INTRODUCTION

On 24 June 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Memorandum S&P Agreement with the Vendor for the acquisition of the Property located at twenty third floor of United Centre at No. 95 Queensway, Hong Kong at a consideration of HK\$184,000,000.

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

* For identification purposes only

LETTER FROM THE BOARD

II. THE MEMORANDUM S&P AGREEMENT

Date

24 June 2010

Parties

- (1) Sumitomo Corporation (Hong Kong) Limited, as the Vendor; and
- (2) Gain Best Limited, an indirect wholly-owned subsidiary of the Company, or its nominees as the Purchaser.

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

Information of the Property

Subject to the terms and conditions of the Memorandum S&P Agreement, the Vendor shall sell and the Purchaser shall acquire the Property, which is located at the twenty third floor of United Centre at No. 95 Queensway, Hong Kong and having a total gross floor area of approximately 20,489 square feet. The Property is occupied by the Vendor and its related company for their business use. Rental income generated from the leased portion to its related companies for the three financial years ended 31 December 2007, 2008 and 2009 amounted to HK\$1,296,714, HK\$1,424,707 and HK\$1,439,088 respectively. For the six months period ended 30 June 2010, rental income generated from the leased portion amounted to HK\$667,112. Upon Completion, the Vendor and its related company shall lease back more than 90% of the Property at monthly rental of HK\$568,230 for three years with an option to renew for a further term of two years at market rent. The remaining portion shall be delivered in vacant possession.

The Property was estimated to be approximately HK\$184,000,000 as at 24 June 2010 by the Valuer, in which the valuation report is set out in Appendix II to this circular.

Consideration and payment terms:

The consideration for the Acquisition is HK\$184,000,000, which shall be payable in three installments by the Purchaser. The consideration will be satisfied in full upon Completion, which is expected to take place on or before 18 November 2010.

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

LETTER FROM THE BOARD

Completion

Subject to satisfaction of the condition to the Memorandum S&P Agreement, completion of the Acquisition shall take place on or before 18 November 2010.

III. REASONS FOR THE ACQUISITION

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

IV. FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the consideration for the Acquisition of HK\$184,000,000 will be paid to the Vendor in full, which will be funded by cash and new bank borrowings. Based on the unaudited financial position at 30 June 2010, and following the Acquisition, the investment properties of the Group is expected to increase by HK\$192,451,000 for the consideration and capitalized expenses; the total assets of the Group is expected to increase by HK\$75,078,000; and the net asset value of the Group is expected to remain unchanged as the increase in investment properties will be offset by the decrease in cash and bank balances and increase in liabilities of the Group. The Property is expected to contribute additional rental revenue and earnings to the Group.

V. GENERAL

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

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

VI. ADDITIONAL MATTERS

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

On behalf of the Board
SiS International Holdings Limited
LIM Kia Hong
Chairman

1. FINANCIAL SUMMARY

The following is a summary of the consolidated results, assets and liabilities of the Group for the three years ended 31 December 2007, 2008 and 2009. The three years financial information as at 31 December 2007, 2008 and 2009 are extracted from the corresponding annual reports of the Company, which are published on both the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.sisinternational.com.hk. in “Investor Relations” section, sub-section “Financial Report”. The files details are as follows:

File Name	Document Date
Annual Report 2007	21 April 2008
Annual Report 2008	29 April 2009
Annual Report 2009	30 April 2010

The six months period financial information as at 30 June 2009 and 2010 are extracted from the published interim results announcement of the Company dated 18 August 2010, which can be found on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.sisinternational.com.hk in “Investor Relations” section, sub-section “Announcement” with file name “Interim 2010 Results Announcement”.

Results

	For the six months ended 30 June		For the year ended 31 December		
	2010 <i>HK\$'000</i> (unaudited)	2009 <i>HK\$'000</i> (unaudited)	2009 <i>HK\$'000</i> (audited)	2008 <i>HK\$'000</i> (audited)	2007 <i>HK\$'000</i> (audited)
Revenue	<u>2,396,895</u>	<u>1,745,696</u>	<u>3,883,752</u>	<u>4,563,332</u>	<u>4,260,503</u>
Profit before taxation	68,060	38,575	153,895	52,568	204,257
Income tax expense	<u>(10,265)</u>	<u>(5,826)</u>	<u>(19,811)</u>	<u>(10,749)</u>	<u>(34,306)</u>
Profit for the period/year	<u>57,795</u>	<u>32,749</u>	<u>134,084</u>	<u>41,819</u>	<u>169,951</u>
Attributable to:					
Owners of the Company	57,795	32,749	134,084	41,819	170,341
Minority interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(390)</u>
	<u>57,795</u>	<u>32,749</u>	<u>134,084</u>	<u>41,819</u>	<u>169,951</u>
Earnings per share					
–basic and diluted (<i>HK cents</i>)	<u>21.33</u>	<u>12.08</u>	<u>49.5</u>	<u>15.5</u>	<u>63.4</u>

Assets and Liabilities

	As at 30 June	As at 31 December		
	2010 <i>HK\$'000</i> (unaudited)	2009 <i>HK\$'000</i> (audited)	2008 <i>HK\$'000</i> (audited)	2007 <i>HK\$'000</i> (audited)
Total assets	1,774,367	1,566,039	1,406,338	1,489,611
Total liabilities	<u>754,217</u>	<u>596,828</u>	<u>577,020</u>	<u>658,917</u>
Net assets	<u><u>1,020,150</u></u>	<u><u>969,211</u></u>	<u><u>829,318</u></u>	<u><u>830,694</u></u>
Equity attributable to owners of the Company	<u><u>1,020,150</u></u>	<u><u>969,211</u></u>	<u><u>829,318</u></u>	<u><u>830,694</u></u>

2. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2009 and 2010 together with the accompanying notes are extracted from the interim results announcement of the Company dated 18 August 2010.

Condensed Consolidated Income Statement

	<i>Notes</i>	For the six months ended	
		30 June 2010 (unaudited) <i>HK\$'000</i>	30 June 2009 (unaudited) <i>HK\$'000</i>
Revenue	3	2,396,895	1,745,696
Cost of sales		<u>(2,291,874)</u>	<u>(1,673,104)</u>
Gross profit		105,021	72,592
Other income		19,528	20,394
Other gains and losses	4	2,061	1,080
Distribution costs		(35,990)	(33,425)
Administrative expenses		(36,665)	(33,159)
Share of results of associates		15,369	12,691
Finance costs		<u>(1,264)</u>	<u>(1,598)</u>
Profit before taxation		68,060	38,575
Income tax expense	6	<u>(10,265)</u>	<u>(5,826)</u>
Profit for the period attributable to owners of the Company	7	<u><u>57,795</u></u>	<u><u>32,749</u></u>
Earnings per share			
– basic and diluted (<i>HK cents</i>)	9	<u><u>21.33</u></u>	<u><u>12.08</u></u>

Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	For the six months ended	
		30 June 2010 (unaudited) <i>HK\$'000</i>	30 June 2009 (unaudited) <i>HK\$'000</i>
Profit for the period	7	<u>57,795</u>	<u>32,749</u>
Other comprehensive income:			
Gain on fair value changes of available- for-sale investments		10,321	4,069
Exchange realignment arising on translation of foreign operations		5,355	962
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		<u>(976)</u>	<u>–</u>
Other comprehensive income for the period attributable to owners of the Company		<u>14,700</u>	<u>7,285</u>
Total comprehensive income for the period attributable to owners of the Company		<u><u>72,495</u></u>	<u><u>40,034</u></u>

Condensed Consolidated Statement of Financial Position

		30 June 2010	31 December 2009
		(unaudited)	(audited and restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		405,698	191,175
Property, plant and equipment		27,232	27,114
Interests in associates		128,657	133,459
Available-for-sale investments		45,653	28,382
Deposits for acquisition of investment properties	<i>13</i>	8,000	20,323
Deferred tax assets		459	459
		<u>615,699</u>	<u>400,912</u>
Current assets			
Inventories		328,800	236,115
Trade and other receivables, deposits and prepayments	<i>10</i>	663,286	582,379
Derivative financial instruments		764	697
Investments held-for-trading		33,832	42,501
Pledged bank deposits		22,613	21,086
Bank balances and cash		109,373	217,349
		<u>1,158,668</u>	<u>1,100,127</u>
Investment properties held for sale		–	65,000
		<u>1,158,668</u>	<u>1,165,127</u>
Current liabilities			
Trade payables, other payables and accruals	<i>11</i>	515,553	505,948
Bills payable	<i>12</i>	87,618	19,171
Deposits received for investment properties held for sale		–	3,500
Dividend payable		21,681	–
Tax payable		18,168	11,139
Bank loans		55,950	32,365
		<u>698,970</u>	<u>572,123</u>
Liabilities associated with investment properties held for sale		–	684
		<u>698,970</u>	<u>572,807</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	30 June 2010	31 December 2009
	(unaudited)	(audited and restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets	<u>459,698</u>	<u>592,320</u>
Total assets less current liabilities	<u>1,075,397</u>	<u>993,232</u>
Non-current liabilities		
Deferred tax liabilities	25,183	24,021
Bank loans – due over one year	<u>30,064</u>	<u>–</u>
	<u>55,247</u>	<u>24,021</u>
Net assets	<u><u>1,020,150</u></u>	<u><u>969,211</u></u>
Capital and reserves		
Share capital	27,102	27,102
Share premium	58,238	58,238
Reserves	53,710	39,194
Retained profits	<u>881,100</u>	<u>844,677</u>
Total equity	<u><u>1,020,150</u></u>	<u><u>969,211</u></u>

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 except for the leasehold land as detailed below.

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

Except for Amendment to HKFRS 17 “Leases” as described below, the application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

As part of improvements to HKFRSs issued in 2009, HKAS17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS17, 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 amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS17 Leases, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information which existed at the inception of these leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in a reclassification of prepaid lease payment with carrying amount 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 that are measured using the cost model.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

The Group's operating segments, based on information reported to the Group's chief operating decision maker, i.e. executive directors, for the purposes of resource allocation and performance assessment focus on each of the geographical locations, i.e. Hong Kong, Singapore and Malaysia in relation to distribution of IT products and on property investment.

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

	For the six months ended 30 June 2010 (unaudited)					
	Distribution of IT products				Property investment	Consolidated
	Hong Kong	Singapore	Malaysia	Total		
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
SEGMENT REVENUE						
External sales	<u>1,415,670</u>	<u>728,418</u>	<u>248,466</u>	<u>2,392,554</u>	<u>4,341</u>	<u>2,396,895</u>
Segment profit	<u>44,992</u>	<u>7,581</u>	<u>3,977</u>	<u>56,550</u>	<u>10,830</u>	<u>67,380</u>
Other unallocated income						653
Change in fair value of investments held-for-trading						(8,669)
Other income from investments held-for-trading and available-for-sale investments						1,919
Share of results of associates						15,369
Gain on disposal of an associate						2,675
Finance costs						(1,264)
Unallocated corporate expenses						<u>(10,003)</u>
Profit before taxation						<u><u>68,060</u></u>

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

	For the six months ended 30 June 2009 (unaudited)					
	Distribution of IT products				Property	Consolidated
	Hong Kong	Singapore	Malaysia	Total	investment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT REVENUE						
External sales	<u>1,032,949</u>	<u>529,789</u>	<u>177,776</u>	<u>1,740,514</u>	<u>5,182</u>	<u>1,745,696</u>
Segment profit	<u>24,230</u>	<u>1,852</u>	<u>645</u>	<u>26,727</u>	<u>9,482</u>	36,209
Other unallocated income						2,813
Change in fair value of investments held-for-trading						(1,666)
Other income from investments held-for- trading and available-for-sale investments						2,412
Share of results of associates						12,691
Loss on disposal of a subsidiary						(2,254)
Finance costs						(1,598)
Unallocated corporate expenses						<u>(10,032)</u>
Profit before taxation						<u>38,575</u>

Segment profit reported to the chief operating decision maker, i.e. executive directors, for the purposes of resource allocation and performance assessment does not include central administration costs, directors' emoluments, share of results of associates, gain on disposal of an associate, loss on disposal of a subsidiary, investment income, finance costs and other corporate expenses.

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Other gains and losses comprises:		
Fair value gain on investment properties	3,100	5,000
Fair value loss on investments held-for-trading	(8,669)	(1,666)
Gain on disposal of an associate (<i>note 5</i>)	2,675	–
Gain on disposal of investment properties	5,000	–
Loss on deemed disposal of an associate	(45)	–
Loss on disposal of a subsidiary	–	(2,254)
	<u>2,061</u>	<u>1,080</u>

5. DISPOSAL OF AN ASSOCIATE

In April 2010, the Group disposed of its entire 20% interest in ECS Pericom 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). The disposal has resulted in the recognition of a gain of HK\$2,675,000 in the income statement.

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
The charge comprises:		
Current tax		
Hong Kong	7,580	4,015
Overseas	1,765	555
	<u>9,345</u>	<u>4,570</u>
Deferred taxation		
Current period	920	1,256
Income tax expense for the period	<u>10,265</u>	<u>5,826</u>

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

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

7. PROFIT FOR THE PERIOD

	For the six months ended	
	30 June	
	2010	2009
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging (crediting):		
(Reversal of allowance) allowance for doubtful debts provided	(3,890)	2,084
Cost of inventories recognized as expenses	2,290,755	1,672,504
Depreciation of property, plant and equipment	1,057	1,640
Loss on disposal of property, plant and equipment	–	1
Share of tax of associates	5,540	5,103
Dividend income from available-for-sale investments	(246)	(27)
Dividend income from investments held-for-trading	(1,673)	(2,385)
Write back of allowance for inventories, net	(883)	(37)
Exchange gain, net	(7,876)	(8,615)
Change in fair value of derivative financial instruments	(67)	(1,273)
Interest on bank deposits	(636)	(489)
	<u> </u>	<u> </u>

8. DIVIDENDS

	For the six months ended	
	30 June	
	2010	2009
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend recognised as distribution during the period:		
Final dividend, payable in respect of the year ended 31 December 2009 of 8.0 HK cents per share (2009: 5.0 HK cents per share for the year ended 31 December 2008)	<u>21,681</u>	<u>13,551</u>

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2010 and 2009.

9. EARNINGS PER SHARE

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

	For the six months ended	
	30 June	
	2010	2009
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings:		
Earnings for the purposes of basic and diluted earnings per share, profit for the period attributable to owners of the Company	<u>57,795</u>	<u>32,749</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>271,017</u>	<u>271,017</u>

The computation of diluted earnings per share for the six months ended 30 June 2010 and 2009 does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares for both periods. The effect of dilutive potential ordinary shares of an associate is considered to be insignificant.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade and other receivables, deposits and prepayments are trade receivables of HK\$649,539,000 (31 December 2009: HK\$570,577,000). The following is an aged analysis of trade receivables at the reporting date presented based on the invoice date:

	30 June 2010 (unaudited) <i>HK\$'000</i>	31 December 2009 (audited) <i>HK\$'000</i>
Within 30 days	392,914	322,772
31 to 90 days	213,238	211,889
91 to 120 days	33,634	25,781
Over 120 days	9,753	10,135
	<u>649,539</u>	<u>570,577</u>
Trade receivables	<u>649,539</u>	<u>570,577</u>

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

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals are trade payables of HK\$379,628,000 (31 December 2009: HK\$400,101,000). The following is an aged analysis of trade payables at the reporting date presented based on the invoice date:

	30 June 2010 (unaudited) <i>HK\$'000</i>	31 December 2009 (audited) <i>HK\$'000</i>
Within 30 days	297,936	298,151
31 to 90 days	80,843	91,295
91 to 120 days	849	2,421
Over 120 days	–	8,234
	<u>379,628</u>	<u>400,101</u>
Trade payables	<u>379,628</u>	<u>400,101</u>

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

12. BILLS PAYABLE

The age of bills payable as at 30 June 2010 and 31 December 2009 were both within 90 days.

13. COMMITMENTS

At 30 June 2010, the Group has paid the deposits of HK\$8,000,000 for acquisition of investment properties for a consideration of HK\$184,000,000. The acquisition will be completed on or before 18 November 2010. As a result, as at 30 June 2010, the Group had outstanding commitment for the acquisition of certain investment properties of HK\$176,000,000.

14. EVENT AFTER THE END OF THE INTERIM PERIOD

Subsequent to the reporting date, the Group entered into an agreement to acquire 25.6% equity interest in Hangzhou Hangxin Electronic Industry Company Limited. The consideration amounted to RMB11,060,000 (equivalent to HK\$12,679,000) of which RMB9,000,000 (equivalent to HK\$10,318,000), being the first installment, has been paid. Hangzhou Hangxin Electronic Industry Company Limited is engaged in the manufacture of electronic products in the People Republic of China.

3. WORKING CAPITAL

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

4. INDEBTEDNESS

Borrowings

At the close of business on 30 June 2010, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding bank borrowings:

	Due within one year HK\$'000	Due over one year HK\$'000	Total HK\$'000
Secured	30,890	30,064	60,954
Unsecured	25,060	–	25,060
	<u>55,950</u>	<u>30,064</u>	<u>86,014</u>

The secured bank borrowings were secured by certain of the Group's investment properties and bank deposits with carrying value of HK\$211,321,000 and HK\$22,613,000 respectively.

Save as aforesaid and apart from intra-group liabilities, the Group did not, at the close of business on 30 June 2010, have any outstanding mortgages, charges, debentures or other loan capital, debt securities or other similar indebtedness, including bank overdrafts and liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2010.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in distribution of information technologies and related hardware and software products, investment trading and property investment. The Acquisition allows the Group to enlarge its investment property portfolio and increase its long term rental income. The Group will continue to be engaged in its distribution business. Riding on the global economic recovery, the Group achieved significant growth in its distribution business for first half year of 2010. This business will continuously benefit with the increase in demand for information technologies products in the remaining year ending 2010. As at 30 June 2010, the Group's net current assets were HK\$460 million with cash balance of HK\$132 million and the debt (i.e. the bank loans and bills payable) to shareholders' fund ratio was 17%. After the Completion of the Acquisition, which will be funded by internal resources and new bank borrowings, the Directors expect that the Group's financial position shall remain solid for at least the current financial year ending 31 December 2010.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

24 August 2010

The Broad of Directors
SiS International Holdings Limited/ Gain Best Limited
Room 301, Eastern Harbour Centre
28 Hoi Chak Street
Quarry Bay
Hong Kong

Dear Sirs,

Re: 23rd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong.

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

We refer to your instructions for us to carry out a market valuation of the captioned property which is to be acquired by SiS International Holdings Limited (the “Company”) and/or its subsidiaries (together referred to as the “Group”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 24 June 2010 (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

VALUATION ASSUMPTIONS

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

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

METHOD OF VALUATION

We have valued the property by using direct comparison method by making reference to comparable sales transactions as available in the relevant market and where appropriate by capitalising the rental income derived from committed tenancies with due provision for the reversionary income potential of the property.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have inspected the exterior and where possible the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We are acting as an independent valuer and our valuation is prepared impartially without bias to any party concerned.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) of the Hong Kong Institute of Surveyors and in compliance with Chapter 5 of the Listing Rules published by the Stock Exchange of Hong Kong Limited.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
(General Practice Division)
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 25 years' experience in valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property contracted to be acquired by the Group in Hong Kong for investment

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 24 June 2010
23rd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong.	The property comprises the whole office space on the 23rd floor of a 38-storey commercial building completed in 1981. Its ground floor is devoted to bus terminus and entrance lobby uses, 1st to 7th floors are devoted to general retail/restaurants/car parking purposes. The 20th and 36th floors are designed to accommodate refuge room and plant room and the remaining upper floors accommodate office units.	According to the information provided by your Group, an area of about 18,941 sq.ft. (gross) of the property is currently occupied by the registered owner ("the vendor") or its related companies. This portion will be leased back to the vendor for a term of 3 years from the next day immediately after the date of completion of the purchase of the subject property by the Group or by latest 19 November 2010 with an option to renew for a further term of 2 years at market rent. The total monthly rent will be about HK\$568,230, exclusive of Government rent, rates and management fees. The remainder of the property is currently vacant.	HK\$184,000,000
1722/74554th shares of and in Inland Lot No. 8469.	The property has a gross floor area of approximately 20,489 sq.ft. (1,903.47 sq.m.). The property is held under Conditions of Sale No. UB11233 for a term of 75 years from 4 August 1978 renewable for a further term of 75 years. The current Government rent payable for the lot is HK\$1,000 per annum.		

Notes:

- (1) The registered owner of the property is Sumitomo Corporation (Hong Kong) Limited.
- (2) The property is subject to a management agreement in favour of Stratton Property Management Ltd. (Manager).
- (3) The property is currently zoned for "Commercial" purpose under Central Outline Zoning Plan No. S/H4/13 dated 16 July 2010.

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

The unaudited pro forma statement of assets and liabilities of the Group has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010 as set out in Appendix I to this circular and has been adjusted for the effect of the Acquisition to illustrate how the Acquisition might have affected the financial position of the Group as if the Acquisition and took place on 30 June 2010. As the unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes only, it may not purport to represent what the financial position of the Group would have been on actual completion of the Acquisition.

	Before the Acquisition	Pro forma Adjustment	<i>(Notes)</i>	After the Acquisition
	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>
Non-current assets				
Investment properties	405,698	192,451	<i>(1) (2)</i>	598,149
Property, plant and equipment	27,232			27,232
Interest in associates	128,657			128,657
Available-for-sale investments	45,653			45,653
Deposits for acquisition of investment properties	8,000	(8,000)	<i>(2)</i>	–
Deferred tax assets	459			459
	<u>615,699</u>			<u>800,150</u>
Current assets				
Inventories	328,800			328,800
Trade and other receivables, deposits and prepayments	663,286			663,286
Derivative financial instruments	764			764
Investments held-for-trading	33,832			33,832
Pledged bank deposits	22,613			22,613
Bank balances and cash	109,373	(111,078)	<i>(1)</i>	–
		1,705	<i>(3)</i>	
	<u>1,158,668</u>			<u>1,049,295</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP**

	Before the Acquisition	Pro forma Adjustment		After the Acquisition
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Notes)</i>	<i>HK\$'000</i>
Current liabilities				
Trade payables, other payables and accruals	515,553	1,705	<i>(3)</i>	517,258
Bills payable	87,618			87,618
Dividend payable	21,681			21,681
Tax payable	18,168			18,168
Bank loans	<u>55,950</u>	73,373	<i>(1)</i>	<u>129,323</u>
	<u>698,970</u>			<u>774,048</u>
Net current assets	<u>459,698</u>			<u>275,247</u>
Total assets less current liabilities	<u>1,075,397</u>			<u>1,075,397</u>
Non-current liabilities				
Deferred tax liabilities	25,183			25,183
Bank loans - due over one year	<u>30,064</u>			<u>30,064</u>
	<u>55,247</u>			<u>55,247</u>
Net assets	<u><u>1,020,150</u></u>			<u><u>1,020,150</u></u>

Notes:

1. The adjustment is to reflect the Acquisition at a purchase price of HK\$184,000,000 and other directly attributable costs of acquisition, comprising stamp duty payable of HK\$7,820,000 and other expenses of HK\$631,000. The management of the Group intends to finance the Acquisition with internal resources and bank loans.
2. The adjustment represents deposit of HK\$8,000,000 paid when the Memorandum S&P Agreement for the Acquisition was entered into and is reclassified to investment properties upon Completion of the Acquisition.
3. According to the Memorandum S&P Agreement, the Vendor and its related company shall lease back more than 90% of the Property at a monthly rental of HK\$568,230 for a term of three years commencing from the next day immediately after the Completion of the Acquisition and has an option to renew the leases for a further term of two years at prevailing market rent. Adjustment is made to reflect the three months' rental deposits of approximately HK\$1,705,000 receivable.



**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF SIS INTERNATIONAL HOLDINGS LIMITED**

We report on the unaudited pro forma financial information of SiS International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the property located at the twenty third floor of United Centre at No. 95 Queensway, Hong Kong ("the Property") ("the Acquisition") might have affected the financial position of the Group, for inclusion in Appendix III of the circular dated 24 August 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages 24 to 25 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

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

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

Basis of opinion

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

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

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 August 2010

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO); or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (“Model Code”) were as follows:

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

Name of Director	Personal interests	Family interests	Joint interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Kiah Meng (Note 4)	4,869,866	483,333	534,000	178,640,000	184,527,199	68.09%
Lim Kia Hong (Note 4)	5,237,774	441,333	–	178,640,000	184,319,107	68.01%
Lim Hwee Hai (Note 3)	2,797,866	3,045,824	–	–	5,843,690	2.16%
Lim Hwee Noi (Note 3, 4)	3,045,824	2,797,866	–	–	5,843,690	2.16%
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 interest of Mr. Lim Kiah Meng and Mr. Lim Kia Hong as disclosed above.

(ii) Share Options

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

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options outstanding at the Latest Practicable Date
Lim Kiah Meng and spouse				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001
Lim Kia Hong and spouse				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001
Lim Hwee Hai				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options outstanding at the Latest Practicable Date
Lim Hwee Noi				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667
Lee Hiok Chuan				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
Woon Wee Teng				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
Ong Wui Leng				
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334
				2,966,671

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

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

Name of Director	Personal interests	Corporate interests (Note 1)	Total number of issued ordinary shares held in SiS THAI	Percentage of issued share capital of SiS THAI
Lim Kia Hong	75,000	99,750,000	99,825,000	48.27%
Lim Hwee Hai	75,000	–	75,000	0.04%

(b) Share warrants granted by SiS THAI (*note 2*)

Name of Director	Capacity	Number of share warrants of SiS THAI outstanding at the Latest Practicable Date
Lim Kia Hong	Personal	75,000
Lim Hwee Hai	Personal	75,000

Notes:

- (1) The Company indirectly holds 99,750,000 ordinary shares of the issued capital of SiS THAI. As disclosed in (i) above, Mr. Lim Kia Hong and his family has total interest of 68.01% in the Company, therefore Mr. Lim has deemed corporate interest in SiS THAI under the SFO.
- (2) At the annual general meeting of SiS THAI on 2 April 2010, their shareholders approved the issue of warrants to the directors. Each warrant is entitled to buy one common share of SiS THAI at the book value per share from the latest financial statement of SiS THAI before the date of exercise but not lower than Baht 4.92. The warrants can be exercised every six months from the first exercise date which is 1 June 2010 until the last exercise date which is 3 December 2012. The exercise date will be the first business day of June and December of each year.

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

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, there were no persons (other than a Director or chief executive of the Company as disclosed above) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

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

5. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

6. MATERIAL CONTRACTS

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

- (i) the share sale agreement between a subsidiary of the Company, SiS Investment Holdings Limited, and ECS ICT Berhad dated 18 June 2009 for the sales of 80,000 ordinary shares of Malaysian dollars 1.00 each in ECS Pericomp Sdn Bhd, for the consideration of Malaysian dollars 6,900,000;
- (ii) the provisional sale and purchase agreement between a subsidiary of the Company, QR Capital Limited (formerly known as SiS Capital Limited), and Well Nice Enterprises Limited, dated 16 October 2009 for acquisition of the eighth floor of No. 9 Queen's Road Central, Hong Kong for a consideration of HK\$203,000,000;
- (iii) the two tenancy agreements, both are dated 11 December 2009, signed by two subsidiaries of the Company with connected parties for leasing of office and warehouse in Hong Kong and Singapore for the period from 1 January 2010 to 31 December 2011 as announced in announcement dated 4 December 2009;
- (iv) the provisional sale and purchase agreement between a subsidiary of the Company, SiS HK Limited, and Mr. Patrick Lo, dated 29 December 2009 for disposal of Carpark Nos. 1-64 on the 7th floor of United Centre, No. 95 Queensway, Hong Kong for a consideration of HK\$70,000,000; and
- (v) the Memorandum S&P Agreement.

7. EXPERTS AND CONSENTS

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

Name	Qualification
DTZ Debenham Tie Leung Ltd.	Independent Qualified Valuers
Deloitte Touche Tohmatsu	Certified Public Accountants

Each of DTZ Debenham Tie Leung Ltd. and Deloitte Touche Tohmatsu has confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of DTZ Debenham Tie Leung Ltd. and Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited consolidated accounts of the Group have been made up.

9. COMPETING INTERESTS

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

10. LITIGATION

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

11. GENERAL

- (i) The Company Secretary of the Company is Ms. Chiu Lai Chun, Rhoda, a member of Hong Kong Institute of Certified Public Accountants;
- (ii) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda;
- (iii) The Company's Branch Share Registrar in Hong Kong is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- (iv) In the event of inconsistency, the English text shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 301, Eastern Harbour Centre, 28 Hoi Chak Street, Quarry Bay, Hong Kong up to and including 9 September 2010:

- (i) this circular;
- (ii) the Bye-Laws of the Company;
- (iii) the annual reports of the Company for the three years ended 31 December 2007, 31 December 2008 and 31 December 2009; and the results announcement of the Company for the six months ended 30 June 2010;
- (iv) the letter from Deloitte Touche Tohmatsu in respect of the pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;
- (v) the letter and valuation certificate prepared by DTZ Debenham Tie Leung Ltd., the text of which is set out in Appendix II to this circular;
- (vi) the letters of consents referred to under the section headed "Experts and Consents" in this appendix; and
- (vii) the material contacts referred to under the section headed "Material Contracts" in this appendix.