



SiS International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 529)



CONTENTS

	Page
Corporate Information	2
Corporate Profile and Financial Highlights	3
Condensed Consolidated Income Statement	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Business Review and Prospect	20
Financial Review and Analysis	21
Other Information	23

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Lim Kiah Meng

Lim Kia Hong (*Chief Executive Officer*)

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

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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

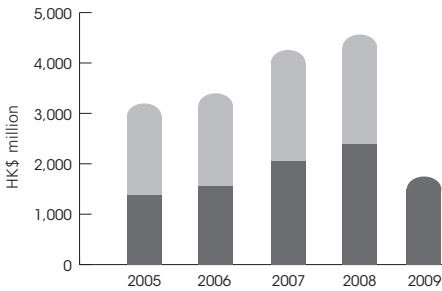
Hong Kong

CORPORATE PROFILE

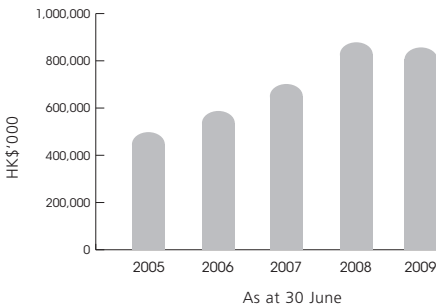
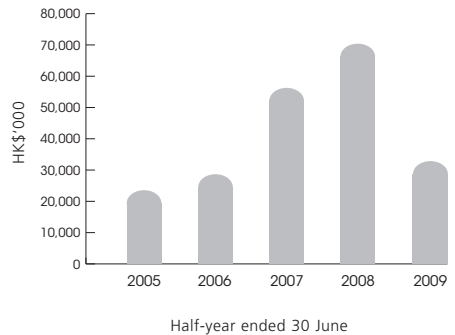
SiS is one of the largest distributors of computer systems, software, peripherals, networking products and mobile in Asia, the world's fastest growing region.

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, telco and OEMs strategically located throughout the region.

FINANCIAL HIGHLIGHTS



Profit for the period



Net Assets Value

The directors (the "Directors") of SiS International Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with comparative figures for the corresponding period in 2008. The interim financial statements have been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
	<i>NOTES</i>		
Non-current assets			
Investment properties	8	201,735	196,873
Property, plant and equipment	8	8,118	8,956
Prepaid lease payments		14,835	14,846
Interests in associates		116,412	109,372
Available-for-sale investments		16,678	12,610
Deferred tax assets		351	351
		358,129	343,008
Current assets			
Inventories		243,536	297,567
Trade and other receivables, deposits and prepayments	9	504,043	578,238
Staff advances		5	491
Tax recoverable		–	1,864
Prepaid lease payments		23	23
Investments held-for-trading		32,017	33,682
Pledged bank deposits		20,299	20,369
Bank balances and cash		249,312	131,096
		1,049,235	1,063,330
Current liabilities			
Trade payables, other payables and accruals	10	454,193	407,578
Bills payable	11	29,848	74,758
Dividend payable		13,551	–
Derivative financial instruments		665	1,938
Tax payable		9,312	6,873
Bank loans	12	27,830	71,639
		535,399	562,786

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2009*

	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
	<i>NOTES</i>	
Net current assets	513,836	500,544
Total assets less current liabilities	871,965	843,552
Non-current liabilities		
Deferred tax liabilities	15,581	14,234
Net assets	856,384	829,318
Capital and reserves		
Share capital	27,102	27,102
Share premium	58,238	58,238
Reserves	27,702	20,753
Retained profits	743,342	723,225
Total equity	856,384	829,318

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

2. **PRINCIPAL ACCOUNTING POLICIES (Continued)**

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

3. **SEGMENTAL INFORMATION**

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

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

3. SEGMENTAL INFORMATION (Continued)

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

	For the six months ended 30 June 2009 (unaudited)					
	Distribution of IT products				Property investment	Consolidated
	Hong Kong	Singapore	Malaysia	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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>	<u>36,209</u>
Other unallocated income						2,813
Other income from investments held-for-trading and available-for-sale investments						746
Share of results of associates						12,691
Loss on disposal of a subsidiary						(2,254)
Finance costs						(1,598)
Unallocated corporate expenses						(10,032)
Profit before taxation						<u>38,575</u>

3. SEGMENTAL INFORMATION (Continued)

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

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

4. INCOME TAX EXPENSE

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

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

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

5. PROFIT FOR THE PERIOD

	For the six months ended	
	30 June	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Allowance (reversal of allowance) for doubtful debts provided	2,084	(1,638)
(Write back of allowance) allowance for inventories, net	(37)	289
Depreciation of property, plant and equipment	1,629	2,371
Amortisation of prepaid lease payments	11	11
Total depreciation and amortisation	1,640	2,382
Loss on disposal of property, plant and equipment	1	7
Changes in fair value of investments held-for-trading	1,666	2,280

and crediting:

Dividend income from available-for-sale investments	27	17
Dividend income from investments held-for-trading	2,385	2,812
Exchange gain, net	8,615	6,193
Changes in fair value of derivative financial instruments	1,273	765
Interest on bank deposits	489	1,836
Gain on disposal of available-for-sale investments	-	43

6. DIVIDENDS

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

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

7. EARNINGS PER SHARE

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

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

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

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

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

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

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

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

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

11. BILLS PAYABLE

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

12. BANK LOANS

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

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

13. SHARE CAPITAL

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

14. PLEDGE OF ASSETS

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

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

15. RELATED PARTY TRANSACTIONS

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

	Associates		Related companies	
	For the six months ended 30 June			
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Purchase of goods	426	258	-	-
Income from management service	924	917	-	-
Operating lease rental expense	-	-	4,673	5,053
	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000

Amount due from related parties at reporting date included in other receivables	201	60	-	-
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A director and/or his spouse has/have controlling interest in the related companies.

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

16. COMMITMENTS

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

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

BUSINESS REVIEW

The unprecedented business environment that challenged the global economy and IT industry at the end of 2008 continued to affect market conditions in the first half 2009.

(1) IT Distribution Business

Sales revenue were HK\$1,741 million for first half of 2009, and segment profit for the first half of the year amounted to HK\$27 million. The Group is taking measures to reduce its cost whilst seeking new profitable growth opportunities in this unstable environment.

(2) Investment in IT Business

Our Group's investment in IT business is focused in investing in IT companies in the region. The Group's investments in SIS Distribution (Thailand) Public Company Limited continue to perform well and is growing steadily.

The Group had announced the proposed disposal one of its associated companies, ECS Pericomp Sdn Bhd, at a consideration of Malaysia Ringgit 6.9 million (equivalent to approximately HK\$15,180,000). Completion of the proposed transaction would be conditional upon satisfaction or waiver of certain stated conditions. Details of the transaction can be found in the announcement made by the Group on 18 June 2009.

(3) Real Estate Investments Business

Asian property market is beginning to recover. A revaluation gain of HK\$5 million was recorded in the first half year of 2009. The total fair value of these investment properties amounted to HK\$202 million at 30 June 2009.

PROSPECT

While there are some indicators suggesting an economic recovery, the year ahead remains challenging. The Group, having strong fundamentals, an experienced management team, a wide reseller network and an ability to respond to challenging market conditions, is confident that it will emerge stronger when the economy recovers. The Group is well positioned to pursue opportunities presented and rides the next upturn when the economy recovers.

FINANCIAL REVIEW AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2009, the Group had total assets of HK\$1,407,364,000 which were financed by shareholders' funds of HK\$856,384,000 and total liabilities of HK\$550,980,000. The Group had a current ratio of approximately 1.96 as compared to that of approximately 1.89 at 31 December 2008.

As at 30 June 2009, the Group had HK\$269,611,000 bank balances and cash of which HK\$20,299,000 was pledged to banks to cover banking facilities in the ordinary course of business. The Group's working capital requirements were mainly financed by internal resources and short term borrowings. As at 30 June 2009, the Group had short term borrowings and bank overdraft and bills payable of total HK\$57,678,000. The Group's borrowings were mainly denominated in Singapore dollars and Malaysia Ringgit and were charged at floating interest rates.

The Group continued to maintain a positive liquidity position. At the end of June 2009, the Group had a net cash surplus (bank balances and cash, including pledged bank deposits less bank borrowings and bills payable) of HK\$211,933,000.

Gearing ratio, as defined by total bank loans and bills payables to shareholders' funds, as at 30 June 2009 was 6.7% compared to 17.7% as at 31 December 2008.

Charges on Group Assets

At the balance sheet date, the Group had pledged bank deposits of HK\$20,299,000 (as at 31 December 2008: HK\$20,369,000) and an investment property of net book value of HK\$40,000,000 (as at 31 December 2008: HK\$40,000,000) to banks to secure general banking facilities granted to subsidiaries.

FINANCIAL REVIEW AND ANALYSIS (Continued)

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

The number of staff of the Group as at 30 June 2009 was 284 and the salaries and other benefits paid to employees, including share-based payments expense but excluding Directors' emoluments amounted to HK\$35,632,000 (30 June 2008: HK\$37,813,000). 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 employee's productivity and contribution to the Group.

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 end date. During the second half of 2007, the Company granted share options to eligible persons including the Directors and staffs with exercise price of HK\$1.72 per share. Estimated total fair value of the share options granted amounts to HK\$5,621,000 in which HK\$583,000 (30 June 2008: HK\$1,624,000) has been recognized during the period. No share options have been exercised for the six months period ended 30 June 2009.

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 the strategies to hedge against exposure to fluctuations in exchange rates from last year end date. At 30 June 2009, the Group had outstanding forward contracts denominated in United States dollars with total notional amount of HK\$388,876,000 (31 December 2008: HK\$229,487,000) which are measured at fair value at the balance sheet date.

Contingent Liabilities

The Company's corporate guarantees extended to certain banks as security for banking facilities to the Group amounted to HK\$62,320,000 (31 December 2008: HK\$62,544,000).

DIRECTORS' INTERESTS IN SHARES

At 30 June 2009, 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:

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

Name of Director	Personal interests	Family interests	Joint interests (Note 1)	Corporate interests (Note 2)	Total number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Siam Kwee (deceased on 7 May 2009)	8,157,066	-	-	-	8,157,066	3.01%
Lim Kiah Meng	2,797,866	83,333	534,000	178,640,000	182,055,199	67.17%
Lim Kia Hong	2,797,866	83,333	-	178,640,000	181,521,199	66.98%
Lim Hwee Hai (Note 3)	2,797,866	2,542,666	-	-	5,340,532	1.97%
Lim Hwee Noi (Note 3)	2,542,666	2,797,866	-	-	5,340,532	1.97%
Lee Hiok Chuan	83,333	-	-	-	83,333	0.03%
Woon Wee Teng	83,333	-	-	-	83,333	0.03%
Ong Wui Leng	83,333	-	-	-	83,333	0.03%

Notes:

- (1) 534,000 shares are jointly held by Mr. Lim Kiah Meng and his spouse.
- (2) Gold Sceptre Limited holds 140,360,000 shares and Kelderman Limited, Valley Tiger Limited and Swan River Limited each holds 12,760,000 shares in the issued share capital of the Company. Mr. Lim Kiah Meng and his spouse and Mr. Lim Kia Hong and his spouse together own 40.5% and 39.5%, respectively of the issued share capital of Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.
- (3) 2,797,866 shares and 2,542,666 shares are beneficially owned by Mr. Lim Hwee Hai and Madam Lim Hwee Noi respectively. Mr. Lim and Madam Lim are spouse, so they have deemed interest in their spouse's shares under the SFO.

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

DIRECTORS' INTERESTS IN SHARES (Continued)

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 30 June 2009.

SHARE OPTIONS

For details of the Company's share option scheme, please refer to note 37 to the consolidated financial statement and pages 16 to 19 in the 2008 annual report.

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

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2009	Exercised during the period	Outstanding at 30 June 2009

Directors and their associates:

Lim Siam Kwee (deceased on 7 May 2009)

20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667	–	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667	–	266,667

Lim Kiah Meng and spouse

20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000	–	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001	–	350,001

Lim Kia Hong and spouse

20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	350,000	–	350,000
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	350,001	–	350,001

SHARE OPTIONS (Continued)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2009	Exercised during the period	Outstanding at 30 June 2009
Lim Hwee Hai						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667	–	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667	–	266,667
Lim Hwee Noi						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	266,667	–	266,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	266,667	–	266,667
Lee Hiok Chuan						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Woon Wee Teng						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Ong Wui Leng						
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	83,333	–	83,333
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	83,334	–	83,334
Total directors and their associates				<u>3,500,005</u>	<u>–</u>	<u>3,500,005</u>

SHARE OPTIONS (Continued)

Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options		
				Outstanding at 1 January 2009	Exercised during the period	Outstanding at 30 June 2009
Employees and other qualified persons						
20 August 2007	21 August 2007 – 18 February 2008	18 February 2008 – 20 May 2017	1.72	849,996	–	849,996
20 August 2007	21 August 2007 – 18 February 2009	18 February 2009 – 20 May 2017	1.72	1,566,667	–	1,566,667
20 August 2007	21 August 2007 – 18 February 2010	18 February 2010 – 20 May 2017	1.72	1,566,671	–	1,566,671
Total employees and other qualified persons				<u>3,983,334</u>	<u>–</u>	<u>3,983,334</u>
Total number of share options				<u>7,483,339</u>	<u>–</u>	<u>7,483,339</u>

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, 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	400,000	250,000	18,330,000	–	18,980,000	7.00%
Lim Mee Hwa	250,000	400,000	18,330,000	–	18,980,000	7.00%
Yeoman Capital Management Pte. Ltd.	–	–	–	19,060,000	19,060,000	7.03%
Queensland Investment Corporation as Trustee for Queensland Investment Trust No.2 (Note 3)	–	–	–	13,650,000	13,650,000	5.04%
The Bank of New York Mellon Corporation	–	–	–	13,650,000	13,650,000	5.04%

Notes:

- (1) Mr. Yeo Seng Chong and Madam Lim Mee Hwa each have 35.0% direct interest in Yeoman Capital Management Pte. Ltd.
- (2) Yeoman Capital Management Pte. Ltd. holds the shares of the Company as an investment manager.
- (3) Yeoman Capital Management Pte. Ltd. is a party in accordance with whose directions such substantial shareholder or its directors are accustomed to act.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months period ended 30 June 2009, except for the Code A.4.1 and A.4.2 as disclosed in page 8 of the Group's 2008 annual report under the Corporate Governance section.

MODEL CODE

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months period ended 30 June 2009.

On behalf of the Board

LIM Kia Hong

Chief Executive Officer

Hong Kong, 11 September 2009