

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended December 31, 2000.

Principal Activities

The Company acts as an investment holding company and provides corporate management services. The activities of its subsidiaries and associates are set out in notes 15 and 16 respectively to the financial statements.

Results and Appropriations

The results of the Group for the year ended December 31, 2000 are set out in the consolidated income statement on page 21.

The directors now recommend the payment of a final dividend of 2 HK cents per share to the shareholders on the register of members on May 18, 2001, amounting to HK\$5,361,000 and the retention of the remaining profit for the year.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 29 and 30 to the financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 54.

Investment Properties

During the year, the Group acquired investment properties at a cost of HK\$61,178,000 and revalued all of its investment properties at the year end date. The net surplus arising on revaluation, which has been credited to the investment property revaluation reserve, amounted to HK\$3,622,000.

Details of the investment properties of the Group at December 31, 2000 are set out on page 55.

Property, Plant and Equipment

During the year, the Group acquired land and buildings at a cost of HK\$18,156,000 and furniture, fixtures and equipment of HK\$13,087,000, respectively.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in notes 13 and 14 to the financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 28 to the financial statements.

Directors

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

<i>Executive directors:</i>	<i>Independent non-executive directors:</i>
Mr. Lim Siam Kwee	Mr. Lee Hiok Chuan
Mr. Lim Kiah Meng	Mr. Woon Wee Teng
Mr. Lim Kia Hong	
Mr. Lim Hwee Hai	
Ms. Lim Hwee Noi	

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

The term of office of each of the non-executive directors is the period up to his retirement by rotation in accordance with the above Bye-laws.

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

Directors' and Chief Executives' Interests in Securities

(i) Shares

At December 31, 2000, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of directors	Number of ordinary shares held	
	Personal Interests	Corporate Interests
Lim Siam Kwee	8,424,400	178,640,000 (note)
Lim Kiah Meng	2,531,200	-
Lim Kia Hong	2,531,200	-
Lim Hwee Hai	2,531,200	-
Lim Hwee Noi	2,276,000	-

Note: 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 Siam Kwee has a controlling interest in Summertown Limited which owns the entire issued share capital of each of the above-mentioned companies.

(ii) **Options**

The directors had personal interests in share options to subscribe for shares in the Company as follows:

Name of directors	Date of grant	Exercise price HK\$	Exercisable period	Number of share options			
				At 1.1.2000	Granted during the year	Exercised during the year	At 12.31.2000
Lim Siam Kwee	February 23, 1998	0.3	August 31, 1998 to August 30, 2000	1,000,000	-	(1,000,000)	-
	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	-	1,000,000	-	1,000,000
Lim Kiah Meng	February 23, 1998	0.3	August 31, 1998 to August 30, 2000	1,000,000	-	(1,000,000)	-
	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	-	1,000,000	-	1,000,000
Lim Kia Hong	February 23, 1998	0.3	August 31, 1998 to August 30, 2000	1,000,000	-	(1,000,000)	-
	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	-	1,000,000	-	1,000,000
Lim Hwee Hai	February 23, 1998	0.3	August 31, 1998 to August 30, 2000	1,000,000	-	(1,000,000)	-
	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	-	1,000,000	-	1,000,000
Lim Hwee Noi	February 23, 1998	0.3	August 31, 1998 to August 30, 2000	1,000,000	-	(1,000,000)	-
	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	-	1,000,000	-	1,000,000

Details of the Company's share option scheme are set out in note 28 to the financial statements.

Other than as disclosed above, at December 31, 2000, none of the directors or chief executives, nor their associates, had any interests in any securities of the Company, any of its associated corporations, its ultimate holding company or its fellow subsidiaries as defined in the SDI Ordinance, and none of the directors or chief executives nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed above, at no time during the year was the Company, its subsidiaries, its ultimate holding company or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and as at December 31, 2000, none of the directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the year.

Directors' interests In Contracts

The following transactions were entered into by the Group during the year ended December 31, 2000:

	HK\$'000
Sales to:	
P.T. SiSTech Kharisma	22,716
Netband Technologies Far East Limited	31,348
Regent Pacific Media (S) Pte. Ltd.	97
Operating lease rentals paid to:	
Ever Rich Technology Limited	3,000
SiS Realty Pte. Ltd.	2,811
Purchase from:	
P. T. SiSTech Kharisma	227
Advertising fee paid to:	
Regent Pacific Limited	30

The executive directors of the Company in aggregate hold a 90% indirect interest in P.T. SiSTech Kharisma which is engaged in the distribution of microcomputers and related hardware and software products in Indonesia.

The wife of Mr. Lim Kiah Meng has a 70% indirect interest in Netband Technologies Far East Limited.

Mr. Lim Kia Hong, a director of the Company, holds a 50% interest in Regent Pacific Media (S) Pte. Ltd.

Mr. Lim Kiah Meng and his wife own 80% of the issued share capital of Ever Rich Technology Limited.

The directors (and their respective associates) together hold a 51% indirect interest in the issued share capital of SiS Realty Pte. Ltd.

Mr. Lim Kiah Meng and Mr. Lim Kia Hong own Regent Pacific Limited.

In the opinion of the independent non-executive directors of the Company, the transactions with the above-mentioned companies were carried out in the usual course of business of the Group on normal commercial terms.

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

Connected Transactions

On July 10, 2000, the Company acquired through its subsidiary the entire share capital of Maxima Technology Limited for a consideration of US\$1,000,000 from Swan River Limited (“Swan River”), a wholly-owned subsidiary of Summertown Limited which is, in turn, collectively owned as to 99% by the executive directors of the Company.

On December 13, 2000, SiS International Limited, a wholly owned subsidiary of the Company had renewed two tenancy agreements with Ever Rich Technology Limited for the use of office and warehouse. An executive Director of the Company, and his family own 80% of the issued share capital of Ever Rich Technology Limited. Furthermore, various subsidiaries of the Company had entered and renewed tenancy agreements with SiS Realty Pte. Ltd. for use of office and warehouse. All the executive directors of the Company and their associates indirectly own 51% of the issued share capital of SiS Realty Pte. Ltd. The aggregate rental of all the tenancy agreements was HK\$12,313,008. Rentals had been determined by reference to market rate provided by independent property agents and the directors, including the independent non-executive directors, considered the rentals were fair and reasonable. Please refer to the press announcement of the Company on December 13, 2000 for details.

The transactions disclosed above was, in the opinion of the directors, conducted on a fair and reasonable basis.

Substantial Shareholders

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no persons as having an interest of 10% or more of the issued share capital of the Company as at December 31, 2000.

Major Customers and Suppliers

The aggregate turnover attributable to the Group’s five largest customers was less than 30%. The five largest suppliers of the Group together accounted for approximately 74% by value of the Group’s total purchases during the year, with the largest supplier accounting for 29%.

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

Purchase, Sale or Redemption of Securities

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

Pre-emptive Rights

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

Corporate Governance

The Company has complied throughout the year ended December 31, 2000 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An audit committee was set up in December 1998. The Company appointed two independent non-executive directors as members of the audit committee and the meetings of the audit committee had been held to discuss the financial position and review the financial statements of the Group.

Auditors

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

On behalf of the Board

Lim Kiah Meng

DIRECTOR

April 20, 2001