

# Chairman's Statement

## RESULTS

I am pleased to present to the shareholders the results of the Group for the year ended December 31, 2001.

For the year ended December 31, 2001, turnover of the Group amounted to HK\$4,080,419,000 (2000: HK\$3,512,015,000). Net profit attributable to shareholders amounted to HK\$14,584,000 (2000: HK\$22,098,000). Basic earnings per share was 5.44 HK cents.

## BUSINESS REVIEW

Group turnover showed a good increase mainly due to the full year inclusion of Thailand's business. Other markets also showed a healthy growth despite the sluggish economy and competitive market situation.

The Company had reached a settlement arrangement with CHS Electronics, Inc. ("CHS") on CHS's non-payment of balance purchase price of SiS Distribution Limited ("SiSDL"). The settlement was closed on September 28, 2001 and now the Company has clear title to all the shares of SiSDL. In view of the settlement, the Group reversed accruals and consequently, an income of HK\$38,389,000 was recorded in 2001.

The Directors had reviewed the investment portfolio of SiS Netrepreneur Ventures Corp. and in order to reflect current market conditions, the Directors decided to charge HK\$32,533,000 to the Group's income statement. The Directors believed the amount represented decline in the value of our investment securities.

During the year, the Group continued to maintain good relationship with its business partners. As recognition of the Group's commitment and achievement in computer distribution business, the business partners present various awards to the Group.

## PROSPECTS

2001 was a year full of challenges. We saw the global economy adversely affected by the September 11 incident. The market sentiment was pessimistic and consumer demand drops significantly. The Directors foresee the economic environment for 2002 will be difficult and there are greater challenges ahead.

It is a challenge task for the management to deliver continuous growth in turnover and profit in such tough economic times. However, the Directors believe the Group's focus on core distribution business coupled with the Group's strong financial position, experience management team and past experience in handling external adversity can help the Group to weather uncertainties ahead.

The Group will continue to strengthen its computer distribution business by expanding product and channel breadth and depth. The Group has endeavored to improve its operation efficiency by streamlining the business processes and investing in computerized management information system.

# Chairman's Statement

The Directors are confident that the fundamental of the Group is strong and will emerge stronger when the economy recovers. The Directors believe business opportunities will present along the way together with challenges. The management will evaluate investments which offer synergy and higher return to the Group on an ongoing basis and make selective investments when opportunities arise. The Group is committed to explore every possible opportunity to enhance our shareholders' wealth.

## FINAL DIVIDEND

The Directors recommend a final dividend 3 HK cents per share for 2001 (2000: 2 HK cents per share) payable to shareholders whose names appear on the register of members of the Company on May 31, 2002. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable in cash on or about June 28, 2002.

## APPRECIATION

On behalf of the Board of directors, I would like to take this opportunity to express my gratitude to the staff for their contributions and to all business partners and shareholders for their continuing support.

On behalf of the Board

**LIM Siam Kwee**

*Chairman*

Hong Kong, April 18, 2002