

Chairman's Statement

I am pleased to present to the shareholders the results of the Group for the year ended December 31, 2002.

• RESULTS

The Group turnover for 2002 was HK\$3,532,907,000 (2001: HK\$4,080,419,000). Sales of the Group declined by 13%, mainly due to global economic downturn and lower demand for IT products. Net profit attributable to shareholders amounted to HK\$8,698,000 (2001: HK\$14,584,000). Basic earnings per share was HK3.24 cents.

• BUSINESS REVIEW

Due to economic difficulties and weak consumer power, demand for IT products in the Asia Pacific region has slowed down in 2002. Thailand was the only country recorded an increase in turnover, all other countries were adversely hit by sluggish demand to different extent. Price competition remained intense and gross profit fell by 18% in 2002.

In light of the lowered sales and gross profit level, the Group reduced its distribution costs by 27% and administrative expenses by 8% in 2002.

A revaluation deficit of HK\$8,693,000 was charged to income statement as investment properties were revalued at market price at the balance sheet date.

• PROSPECTS

The Directors believe outlook for 2003 remain uncertain, market sentiment and investor confidence remain weak. The Directors expect demand for IT products will be adversely affected by the global political uncertainties and SARS. This will inevitably affect the Group's performance.

The Group has established strong business relationship and intimate market knowledge in the IT industry over the past two decades. In order to have sustainable growth and enhance future profitability, the Group will continue to strengthen its distribution business by expanding product and channel breadth and depth. The management is exploring various niche products with market potentials which hoping them will proliferate and bring higher profit margin to the Group. Moreover, the Group will continue to improve its operation efficiency by streamlining the business processes.

The Group is committed to serve leading IT vendors and customers with world-class best practice distribution services in the Asia Region. We focus on strategically selected high growth markets where we can add value by providing marketing, management and financial expertise through long-term investments in resources, people and partnership. The Directors believe that despite the present economic environment is challenging, the Group's commitment in IT distribution enable it to capture opportunities for long-term success.

- **FINAL DIVIDEND**

The Directors recommend a final dividend of 2 HK cents per share for 2002 (2001: 3 HK cents per share) payable to shareholders whose names appear on the register of members of the Company on May 30, 2003. 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 27, 2003.

- **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my gratitude to the Group's 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 23, 2003