

# Directors' Report

The directors present their annual report and the audited financial statements for the year ended December 31, 2002.

## • 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 18 and 19, respectively, to the financial statements.

## • RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2002 are set out in the consolidated income statement on page 17.

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 30, 2003, amounting to HK\$5,371,000 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 the consolidated statement of changes in equity on page 21 and in note 32 to the financial statements, respectively.

## • 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 57.

## • INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group has revalued all of its investment properties at the year end date. The deficit arising on revaluation amounted to HK\$10,516,000, of which HK\$1,823,000 has been debited to the investment property revaluation reserve and HK\$8,693,000 has been debited to the income statement.

Particulars of investment properties of the Group at December 31, 2002 are set out on page 58.

During the year, the Group acquired furniture, fixtures and equipment at a cost of HK\$1,726,000 and motor vehicles at a cost of HK\$354,000 for normal replacement purpose.

Details of these and other movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 16 and 17, respectively, to the financial statements.

## • SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 31 to the financial statements.

## • DIRECTORS

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

### Executive directors:

Mr. Lim Siam Kwee

Mr. Lim Kiah Meng

Mr. Lim Kia Hong

Mr. Lim Hwee Hai

Ms. Lim Hwee Noi

### Independent non-executive directors:

Mr. Lee Hiok Chuan

Mr. Woon Wee Teng

In accordance with the provisions of the Company's Bye-Laws, Messrs. Lim Kiah Meng and Lim Kia Hong 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 Company's 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, 2002, 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	—
Lim Kiah Meng	2,531,200	178,640,000 (note)
Lim Kia Hong	2,531,200	178,640,000 (note)
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 Kiah Meng and Mr. Lim Kia Hong and their spouses 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.

## • DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (CONTINUED)

### (ii) Options

The Company's share option scheme adopted in 1992 expired in July 2002. A new share option scheme of the Company has been adopted in May 2002. Particulars of these share option schemes are set out in note 37 to the financial statements.

The following table discloses movements during the year in the Company's share options under the 1992 share option scheme:

	Date of grant	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2002	Exercised during the year	Lapsed during the year	Outstanding at 12.31.2002
<b>Directors</b>							
Lim Siam Kwee	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	1,000,000	-	(1,000,000)	-
Lim Kiah Meng	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	1,000,000	-	(1,000,000)	-
Lim Kia Hong	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	1,000,000	-	(1,000,000)	-
Lim Hwee Hai	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	1,000,000	-	(1,000,000)	-
Lim Hwee Noi	February 21, 2000	0.94	August 20, 2000 to July 28, 2002	1,000,000	-	(1,000,000)	-
				5,000,000	-	(5,000,000)	-
Employees	August 31, 2001	0.38	February 28, 2002 to July 28, 2002	7,500,000	(500,000)	(7,000,000)	-
Total				12,500,000	(500,000)	(12,000,000)	-

The closing price of the Company's shares immediately before May 16, 2002, the date on which the options were exercised, was HK\$0.52.

No options have been granted under the new share option scheme during the year.

Other than as disclosed above, at December 31, 2002, 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, 2002, 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, 2002:

	HK\$'000
Sales to:	
P.T. SiSTech Kharisma	48,256
Netband Technologies Far East Limited	87,153
Regent Pacific Media (S) Pte. Ltd.	2
Operating lease rentals paid to:	
Ever Rich Technology Limited	3,180
SiS Realty Pte. Limited	2,275
Legal fee paid to:	
WT Woon & Co.	122
Justicius Law Corporation	88

The wife of Mr. Lim Kiah Meng holds a 90% 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.

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

Mr. Woon Wee Teng was one of the partners of WT Woon & Co. and he has a 99.99% direct interest in Justicius Law Corporation.

## • DIRECTORS' INTERESTS IN CONTRACTS (CONTINUED)

In the opinion of those directors not having an interest in the above transactions, the transactions with the above-mentioned companies were carried out in the usual course of business of the Group and on normal commercial terms.

Other than as disclosed above, no contracts of significance to which the Company, its ultimate 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 December 24, 2002, 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 by the end of December 2002 with SiS Realty Pte. Ltd. for the 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\$10,265,664. 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, reasonable and on normal commercial terms. Further details are included in the press announcement issued by the Company on December 24, 2002.

## • 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, 2002.

## • 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 28%.

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.

## • DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$14,000.

## • PURCHASE, SALE OR REDEMPTION OF LISTED 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, 2002 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.

## • 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 23, 2003