

Chairman's Statement

I am pleased to present to the shareholders the results of the Group for the year ended December 31, 2003.

■ RESULTS

The Group turnover for 2003 was HK\$3,469,364,000 (2002: HK\$3,533,078,000), declined by 2% compared with 2002. Net profit attributable to shareholders amounted to HK\$36,053,000 (2002: HK\$9,315,000). Basic earnings per share was HK13.4 cents.

■ BUSINESS REVIEW

Sales of the Group declined by 2%. The fall in sales was due to outbreak of severe respiratory syndrome ("SARS") in 2003. The market was increasingly competitive, average selling prices and margins were continuing decreasing. The Group reviewed its product line and focused on those with higher profit margin.

■ PROSPECTS

Keen competition and declining average selling price in the IT industry will continue and will inevitably affect the Group's performance. However, the economic outlook for Hong Kong is positive, there are also sign of economy recovery in the region. Demand for IT product is projected to increase in 2004, the Directors are cautiously optimistic on the business and IT market for the year 2004.

The Group will continue to strengthen its distribution business by expanding product and channel breadth. During the year, the Group added several vendors to its product portfolio. The management continues to explore new products and market segments with potentials to contribute growth and higher profitability to the Group.

The Group will continue to improve its operation efficiency by streamlining the business processes. The Directors have taken steps to improve the operations in Singapore and Malaysia.

The Directors are moving ahead with confidence. The Group is one of the largest IT distribution companies in the region, with over twenty years' experience in the IT industry, the Group is committed to IT distribution and will continue to leverage its knowledge and experience in the IT industry. At the same time, the Group will continue to explore other investment and diversification opportunities that offer higher return to the Group and shareholders.

The Group made an investment to purchase carparks on the 7th Floor of United Centre, No. 95 Queensway, Hong Kong in January 2004. The acquisition is for long-term purpose and the Directors believe the investment will generate stable income and better yield to the Group. Please refer to the circular to shareholders on January 30, 2004 for details.

■ FINAL DIVIDEND

The Directors recommend a final dividend 2 HK cents per share for 2003 (2002: 2 HK cents per share) payable to shareholders whose names appear on the register of members of the Company on March 23, 2004. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable in cash on or about April 8, 2004.

■ 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, February 27, 2004