

The directors present their annual report and the audited financial statements for the year ended December 31, 2003.

## ■ 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, 2003 are set out in the consolidated income statement on page 14.

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 March 23, 2004, 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 18 and in note 33 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 51.

## ■ 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\$115,000, had been debited to the income statement.

Particulars of investment properties of the Group at December 31, 2003 are set out on page 52.

During the year, the Group acquired furniture, fixtures and equipment at a cost of HK\$2,008,000 and motor vehicles at a cost of HK\$524,000 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 the share capital of the Company are set out in note 32 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

# Directors' Report

## DIRECTORS (CONTINUED)

In accordance with the provisions of the Company's Bye-Laws, Messrs. Lim Hwee Hai and 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 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' INTERESTS IN SHARES

At December 31, 2003, the interests of the directors and their associates, in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### Ordinary shares of HK\$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lim Siam Kwee	Beneficial owner	8,424,400	3.14%
Lim Kiah Meng	Beneficial owner	2,531,200	0.94%
	Held by controlled corporation (Note)	178,640,000	66.52%
Lim Kia Hong	Beneficial owner	2,531,200	0.94%
	Held by controlled corporation (Note)	178,640,000	66.52%
Lim Hwee Hai	Beneficial owner	2,531,200	0.94%
Lim Hwee Noi	Beneficial owner	2,276,000	0.85%

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.

Other than as disclosed above, none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations at December 31, 2003.

## SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 37 to the financial statements.

No options were outstanding at January 1, 2003 and no options have been granted under the share option scheme during the year.

# Directors' Report

## ■ ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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.

## ■ DIRECTORS' INTERESTS IN CONTRACTS

The following transactions were entered into by the Group during the year ended December 31, 2003:

	HK\$'000
Sales to:	
P.T. SiSTech Kharisma	85,716
Netband Technology Far East Limited	108,642
Operating lease rentals paid to:	
Ever Rich Technology Limited	2,526
SiS Realty Pte. Limited	1,596
Legal fee paid to:	
Justicius Law Corporation	158

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 Technology Far East Limited.

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 59% indirect interest in the issued share capital of SiS Realty Pte. Limited.

Mr. Woon Wee Teng has a 99.99% direct interest in Justicius Law Corporation.

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 9, 2003, SiS Technologies Pte. Ltd. ("SiS Technologies"), a wholly owned subsidiary of the Company, had conditionally agree to dispose of a 26% equity interest in SiS Distribution (Thailand) Co. Ltd. ("SiS Thailand") to two purchasers for an aggregate consideration of HK\$39,165,000. Each of the purchasers is a connected person of the Company as he is a substantial shareholder of SiS Thailand, an indirect non-wholly owned subsidiary of the Company. All conditions as stated in the disposal agreement have been fulfilled by December 31, 2003.

The independent non-executive directors confirm that the transaction has been entered into by the Company in the ordinary course of its business and in accordance with the terms of the agreement governing such transaction. Further details are included in the press announcement issued by the Company on December 10, 2003.

# Directors' Report

Furthermore, on December 30, 2003, SiS Technologies had renewed two tenancy agreements with SiS Realty Pte. Ltd. for the use of office and warehouse. All the executive directors of the Company and their associates indirectly own 59% of the issued share capital of SiS Realty Pte. Ltd. The aggregate rental of all the tenancy agreements was HK\$2,797,675. 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 30, 2003.

## ■ 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 336 of the Securities and Futures Ordinance discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at December 31, 2003.

## ■ 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 70% by value of the Group's total purchases during the year, with the largest supplier accounting for 36%.

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.

## ■ POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 42 to the financial statements.

## ■ 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, 2003 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*

February 27, 2004