

**INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended June 30, 2004 (2003: Nil).

**BUSINESS REVIEW AND OUTLOOK**

For the period ended June 30, 2004, profit of the Group increased by 133% to HK\$13,045,000 while turnover decreased by 19% to HK\$1,373,531,000. Earnings per share was HK4.86 cents.

The decrease of the Group turnover was due to SiS Thailand turnover was not consolidated into the Group when it became an associate at the end of last year. The Group's turnover increased by 10% in the first half of 2004 vs. same period of 2003 if SiS Thailand turnover was not included. Profit for the period increased attributable mainly to the gain on further disposal of SiS Thailand's shares in 2004 and the absence of investment property revaluation deficit in current period.

For the six months ended June 30, 2004, GP was 4.56% compared to last year corresponding period of 4.47%. Distribution costs increased by 32% and administrative expenses decreased by 16%. Finance costs reduced by 72% because interest expenses of SiS Thailand was not consolidated in the current period.

The Board is cautiously optimistic on the market environment and demand for IT products for second half of 2004. 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 this industry. At the same time, the Group will continue to explore new products with higher profit margin and seek other investment and diversification opportunities that offer higher return to the Group and shareholders.