

Chairman's Statement

I am pleased to present to the shareholders the results of the Group for the year ended December 31, 2004.

RESULTS

The Group turnover for 2004 was HK\$2,828,800,000 (2003: HK\$3,469,364,000), a decline of 18% compared with 2003. Net profit attributable to shareholders amounted to HK\$37,353,000 (2003: HK\$36,053,000). Basic earnings per share was 13.9 HK cents.

BUSINESS REVIEW

The decline in the Group's turnover was due to the disposal of partial interest in SiS Thailand which became an associate of the Company and sales turnover was not consolidated into the Group's turnover which otherwise would have recorded 13% growth.

Operating gross profit margin for the year increased to 4.79% as compared to 3.97% last year. Net profit attributable to shareholders also increased from HK\$36,053,000 to HK\$37,353,000.

During the year, the Group disposed off 11.5% interest in SiS Thailand to independent third parties resulting in a profit on disposal of HK\$10,304,000. Subsequently, SiS Thailand was listed in the Stock Exchange of Thailand. The Group's interest in SiS Thailand was diluted due to the share placing after its listing. As such, there was a deemed disposal gain of HK\$6,045,000.

The directors have taken steps to focus on improving and strengthening the business processes and operation efficiencies in both Singapore and Malaysia. Sales turnover from Singapore has recorded an increase of 31%. The Directors believe that business in Malaysia is also on track of turning around in 2005.

The Group has recorded a revaluation deficit of HK\$7,595,000 on its investment properties at end of the year. However, in view of buoyant in Hong Kong property market especially in the commercial sector, the Directors are optimistic that there should be a revaluation surplus in the coming year.

PROSPECTS

The directors are moving ahead with confidence. The IT Distribution industry will continue to consolidate. During the year, the number of distributors in Asia was reduced by two of the major distributors merging to become one company. This has resulted in reduced competition and improved profitability. The Directors believe that the economy in the Asian region will continue to grow and the Group is poised to take advantage and benefit from the opportunities that lie ahead.

Consistent with the fast moving development in IT technology, new demand for multi-functions telecommunication and computing converged products are growing tremendously. The Group will focus and expand its product portfolio in this new high growth segment. Leveraging on its extensive knowledge and experience in IT industry, the Directors believe that the high margin new products and efficient operations will bring in positive contribution to the Group.

Whilst its core distribution business will continue to grow steadily, the Group will continue to seek and explore other potential investment opportunities that offer higher returns to the Group's shareholders.

FINAL DIVIDEND

The Directors recommend a final dividend 2 HK cents per share for 2004 (2003: 2 HK cents per share) payable to shareholders whose names appear on the register of members of the Company on May 13, 2005. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable in cash on May 31, 2005.

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 8, 2005