

The directors present their annual report and the audited financial statements for the year ended December 31, 2004.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries and associates are set out in notes 20 and 21, respectively, to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2004 are set out in the consolidated income statement on page 13.

The directors recommend the payment of a final dividend of 2 HK cents per share to the shareholders on the register of members on May 13, 2005, 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 17 and in note 35 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 53.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired investment properties of HK\$66,252,000 and spent HK\$3,603,000 on addition to property, plant and equipment.

The Group has revalued all of its investment properties at the year end date. The net deficit arising on revaluation amounted to HK\$7,595,000 which had been debited to the income statement.

Particulars of investment properties of the Group at December 31, 2004 are set out on page 54.

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 18 and 19, respectively, to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 34 to the financial statements.

Directors' Report

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
Ms. Ong Wui Leng (appointed on September 30, 2004)

In accordance with the provisions of the Company's Bye-Laws, Messrs. Lee Hiok Chuan, Woon Wee Teng and Ong Wui Leng 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/her 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, 2004, 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%
		181,171,200	67.46%
Lim Kia Hong	Beneficial owner	2,531,200	0.94%
	Held by controlled corporation (Note)	178,640,000	66.52%
		181,171,200	67.46%
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, 2004.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 40 to the financial statements.

No options were outstanding at January 1, 2004 and no options have been granted under the share option scheme during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company, any of its subsidiaries 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, 2004:

	Notes	HK\$'000
Sales to:		
P.T. SiSTech Kharisma	(a)	2,026
Purchases from:		
P.T. SiSTech Kharisma	(a)	108
Operating lease rentals paid to:		
Ever Rich Technology Limited	(b)	2,526
SiS Realty Pte. Limited	(c)	1,290
Interest paid to:		
Regent Pacific Limited	(d)	31
Ever Rich Technology Limited	(b)	2
Gold Sceptre Limited	(e)	5
Legal fee paid to:		
Justicius Law Corporation	(f)	103

Notes:

- (a) The spouse of Mr. Lim Kiah Meng has a 90% interest in P.T. SiSTech Kharisma which is engaged in the distribution of microcomputers and related hardware and software products in Indonesia.
- (b) Mr. Lim Kiah Meng and his spouse own 80% of the issued share capital of Ever Rich Technology Limited.

Directors' Report

- (c) All executive directors (and their respective associates) together hold a 56% indirect interest in the issued share capital of SiS Realty Pte. Limited.
- (d) Mr. Lim Kiah Meng and his spouse own Regent Pacific Limited.
- (e) Mr. Lim Kiah Meng and Mr. Lim Kia Hong and their spouses together own 40.5% and 39.5% indirect interests in Gold Sceptre Limited.
- (f) Mr. Woon Wee Teng has a 99.99% direct interest in Justicius Law Corporation. All legal fee paid to Justicius Law Corporation during the year ended December 31, 2004 were related to services provided on or before the year 2003.

In the opinion of those independent non-executive 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 and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than as disclosed above, no contracts of significance to which the Company, its ultimate holding company or any of 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

Following the disposal of the Group's interest in SiS Distribution (Thailand) Company Limited ("SiS Thailand") under the Share Disposal Agreements dated December 9, 2003, SiS Technology Pte. Ltd., a wholly owned subsidiary of the Company, entered into Amendments on June 16, 2004 with each of the purchasers, who are connected persons of the Company, to extend the payment terms of the Share Disposal Agreements.

Further details are included in the press announcement and circular issued by the Company on June 21, 2004 and July 26, 2004 respectively. Details of disposal of interest in SiS Thailand and the Share Disposal Agreements are included in the press announcement of the Company on December 10, 2003.

The independent non-executive directors considered that the Amendments are fair and reasonable and in the interests of the Company and its shareholders as a whole.

In addition, on November 1, 2004, the Company has entered into an agreement with P.T. SiSTech Kharisma for the long term supply of information technology and information technology related products. P.T. SiSTech Kharisma is 90% owned by the spouse of an executive director of the Company. The agreement has a fixed term of not exceeding three years until December 31, 2006 and the prices in respect of such transactions are comparable to those charge to other independent wholesale distributors of the Group.

The independent non-executive directors considered that the terms of the agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. Further details are included in the press announcement and circular issued by the Company on November 1, 2004 and November 22, 2004 respectively.

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, 2004.

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 78% 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.

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, 2004 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 (the "Listing Rule"), except that the independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended December 31, 2004.

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 8, 2005