

CHAIRMAN'S STATEMENT

We are pleased to present to the shareholders the results of the Group for the year ended 31 December 2006.

RESULTS

The Group is pleased to record yet another year of solid results and performance. SiS Group generated another year of record profitability and sales in fiscal year 2006. Net profit attributable to shareholders increased to HK\$92,459,000 in 2006 from HK\$86,896,000 in 2005, an increase of 6% as compared to the previous year. Group sales turnover increased by 6% from HK\$3,194,899,000 in 2005 to HK\$3,396,237,000 in 2006. Basic earnings per share increased to 34.4 HK cents from 32.4 HK cents in 2005, an increase of 6% as compared to previous year.

BUSINESS REVIEW

Today our company is stronger than ever. We have an experienced regional management team who understand the diverse cultural backgrounds of the region and dynamics of the IT distribution business. Our focus on profitable growth, operational efficiencies, excellent service, coupled with a wide customer base and close vendor engagements contributed to our sterling performance.

In 2006, the Group continued to make progress and expand our market share and product range. We offer our customers with a strategically selected product mix – a range of world renowned class IT products.

During the year, the Group added several products lines to its offerings and were accorded numerous awards and accolades. These, together with many other honors the Group received during the year, reaffirmed our leadership position in the IT industry.

The Group has acquired a few investment properties in 2007. It is expected to provide the Group with stable income and better yield for its shareholders in the coming years. In 2006, the Group investment portfolio reported a revaluation gain of HK\$4,039,000 and disposal gain of HK\$4,544,000 from its investments.

In 2006, The Group also entered into agreements to repossess the pledged shares of SiS Distribution (Thailand) Public Company Limited (formerly known as SiS Distribution (Thailand) Co. Ltd) from the purchasers who failed to settle the balance of the consideration for the purchase of those share which the Group disposed off during the year 2003. After repossession of the shares, the Group's interest in SiS Distribution (Thailand) Public Company Limited increased from 29.2% to 49.5%.

PROSPECTS

The Directors are looking ahead with confidence. With the rapid technological innovation in IT products, fast economic growth in Asia region in 2007, demand for IT products in Asia region would remain high. The Group will continue to gain market share by adding higher margin products, improve its efficiency in operations by upgrading its IT system, and forging closer partnership with resellers and vendors in the coming year. We will also continue to seek and identify new investment opportunities.

FINAL DIVIDEND

The Directors recommend a final dividend of 8.0 HK cents per share for 2006 (2005: 4.5 HK cents per share) payable to shareholders on the register of members on 21 May 2007. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable in cash on 15 June 2007.

APPRECIATION

On behalf of the Board, we would like to take this opportunity to thank our staff for their contributions, our customers, business partners and shareholders for their on going support and confidence in SiS. We look forward to a great year ahead and a great future together.

On behalf of the Board

LIM Siam Kwee

Chairman

LIM Kia Hong

Chief Executive Officer

Hong Kong, 20 April 2007