

REPORT OF THE DIRECTORS

董事會報告書

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of corporate management services. The principal activities of the Group during the year were the development, manufacture, sale and distribution of information and entertainment products for home and automobiles, the development and provision of networking technology services, and the provision of integrated solutions and services for the cable TV industry.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 33 to 107.

During the year, an interim dividend of HK1.0 cent per share amounting to an aggregate of HK\$4,448,000 was paid on 23 October 2003. The directors recommend the payment of a final dividend of HK2.5 cents per share, amounting to an aggregate of HK\$12,745,000 in respect of the year, to shareholders on the register of members on 24 May 2004. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section in the balance sheet. Further details are set out in note 12 to the financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 110. This summary does not form part of the audited financial statements.

董事會欣然提呈本公司及本集團截至二零零三年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司之主要業務為控股公司，並提供公司管理服務。本集團年內之主要業務包括開發、製造、銷售及分銷家居及汽車資訊及娛樂產品、開發及提供網絡技術服務及提供有線電視業務適用之綜合解決方案及服務。

業績及股息

本集團截至二零零三年十二月三十一日止年度之溢利及本公司與本集團於該日期之財政狀況載於第33頁至第107頁之財務報表。

年內，本公司於二零零三年十月二十三日派付每股1.0港仙之中期股息合共4,448,000港元。董事會建議向於二零零四年五月二十四日名列於股東名冊之股東派發本年度之末期股息每股2.5港仙，總共12,745,000港元。是項建議已計入財務報表，作為資產負債表內資本及儲備項下之保留溢利分配。其他詳情載於財務報表附註12。

財務資料概要

本集團過往五個財政年度之已發表業績、資產、負債及少數股東權益概要乃節錄自經審核財務報表及在適當情況下重列，現載於第110頁。是項概要並非經審核財務報表之一部份。

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FIXED ASSETS

Details of movements in the fixed assets of the Company and the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

There was no movement in the Company's authorised share capital during the year. Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 31 to the financial statements.

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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2003, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to HK\$322,317,000, out of which HK\$12,745,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$212,320,000, may be distributed in the form of fully paid bonus shares.

固定資產

本公司及本集團固定資產年內變動之詳情載於財務報表附註14。

股本

本公司法定股本於年內並無任何變動。本公司股本年內變動之詳情連同有關之原因載於財務報表附註31。

優先購買權

本公司之公司細則或百慕達法例中，概無有關本公司須向現有股東按比例發售新股之優先購買權之規定。

購回、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內概無購回、贖回或出售本公司任何上市證券。

儲備

本公司及本集團儲備年內變動之詳情分別載於財務報表附註33及綜合權益變動表。

可分派儲備

於二零零三年十二月三十一日，按百慕達一九八一年公司法（經修訂）之條文計算，本公司可分派儲備達322,317,000港元，當中之12,745,000港元擬作截至本年度之末期股息。此外，本公司之股份溢價賬為212,320,000港元，可以繳足紅股之方式作分派。

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 42% of the total sales for the year and sales to the largest customer included therein accounted for 13%. Purchases from the Group's five largest suppliers accounted for 49% of the total purchases for the year and purchases from the largest supplier included therein accounted for 13%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Poon Ka Hung
Mr. Wu Lai Ping
Mr. Leung Chun Pong
Mr. Lin Hoo Fun

Independent non-executive directors:

Ms. Cheung Mei Ha, Jennifer
Mr. Fung Chi Kong, Edward*
Mr. Chan Wing Tai, Joseph*

* *Members of the audit committee*

In accordance with the Company's Bye-laws, Mr. Lin Hoo Fun and Mr. Leung Chun Pong will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 15 to 20 of this Annual Report.

主要客戶及供應商

於回顧年度內，本集團五大客戶之營業額佔年內總營業額42%，其中最大客戶佔13%。本集團五大供應商之採購額佔年內總採購額49%，其中最大供應商佔13%。

本公司各董事、彼等之任何聯繫人仕或任何股東(根據董事所知擁有本公司已發行股本5%以上者)概無擁有本集團五大客戶或五大供應商任何實際權益。

董事

本公司年內之董事如下：

執行董事：

潘嘉雄先生
胡禮平先生
梁振邦先生
連浩芬先生

獨立非執行董事：

張美霞女士
馮志光先生*
陳榮泰先生*

* *審核委員會成員*

遵照本公司之公司細則規定，連浩芬先生及梁振邦先生須於應屆股東週年大會上輪值退任，惟彼等符合資格並願意膺選連任。

董事及高級管理人員履歷

本公司董事及本集團高級管理人員之詳細履歷載於年報第15頁至第20頁。

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DIRECTORS' SERVICE CONTRACTS

Messrs. Poon Ka Hung and Wu Lai Ping each entered into a service agreement with the Company for a term of three years commencing from 1 September 1994, which has continued thereafter until terminated by either party giving to the other three months' written notice.

The non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事之服務合約

潘嘉雄先生及胡禮平先生各自與本公司訂立服務協議，由一九九四年九月一日起計為期三年，直至其中一方向對方發出三個月書面通知終止有關協議，否則該協議將一直生效至期滿。

非執行董事並無固定任期，惟根據本公司之公司細則，彼等須在股東週年大會上輪值退任及膺選連任。

除上文所披露者外，擬於應屆股東週年大會上膺選連任之董事均並無與本公司訂立本公司若於一年內終止則必須作出補償（法定補償除外）之服務合約。

董事於合約之權益

董事於年內概無在本公司或其任何附屬公司訂立而與本集團之業務有重大關係之合約直接或間接擁有任何重大權益。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2003, the interests and short positions of the directors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions in ordinary shares of the Company

Name of director	董事姓名	Notes 附註	Number of shares held, capacity and nature of interest 所持股份數目、身份及權益性質		Total 總計	Percentage of the Company's issued share capital 佔本公司 已發行股本 之百分比
			Directly beneficially owned 直接 實益擁有	Through controlled corporation 透過受 控制法團		
Mr. Poon Ka Hung	潘嘉雄先生	(a)	–	161,870,103	161,870,103	31.75
Mr. Wu Lai Ping	胡禮平先生	(a)	–	161,870,103	161,870,103	31.75
Mr. Leung Chun Pong	梁振邦先生		103,842	–	103,842	0.02
Mr. Lin Hoo Fun	連浩芬先生	(b)	–	48,850,327	48,850,327	9.58
			103,842	210,720,430	210,824,272	41.35

No short positions in shares of the Company and its associated corporations for each such director is disclosed as the directors have no intention to trade their shares.

董事及主要行政人員於股份及相關股份之權益及淡倉

於二零零三年十二月三十一日，本公司董事及主要行政人員於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）股本中擁有下列之權益及淡倉，而該等權益及淡倉是根據證券及期貨條例第352條規定由本公司存置之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益及淡倉：

於本公司普通股之好倉

Name of director	董事姓名	Notes 附註	Number of shares held, capacity and nature of interest 所持股份數目、身份及權益性質		Total 總計	Percentage of the Company's issued share capital 佔本公司 已發行股本 之百分比
			Directly beneficially owned 直接 實益擁有	Through controlled corporation 透過受 控制法團		
Mr. Poon Ka Hung	潘嘉雄先生	(a)	–	161,870,103	161,870,103	31.75
Mr. Wu Lai Ping	胡禮平先生	(a)	–	161,870,103	161,870,103	31.75
Mr. Leung Chun Pong	梁振邦先生		103,842	–	103,842	0.02
Mr. Lin Hoo Fun	連浩芬先生	(b)	–	48,850,327	48,850,327	9.58
			103,842	210,720,430	210,824,272	41.35

由於董事無意買賣彼等之股份，故並無披露上述各董事於本公司及其相聯法團之股份淡倉。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(continued)

Notes:

- (a) The number of shares held as corporate interests of Messrs. Poon Ka Hung and Wu Lai Ping refers to the same parcel of shares which are held by High Rate Investments Limited, a company beneficially owned as to 50% by Mr. Poon Ka Hung and 50% by family trusts of which Mr. Wu Lai Ping and his family members are beneficiaries.
- (b) The number of shares held as corporate interests of Mr. Lin Hoo Fun refers to the same parcel of shares which are held by Newray Int'l Limited, a company beneficially owned by Mr. Lin Hoo Fun.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

董事及主要行政人員於股份之權益 (續)

附註：

- (a) 潘嘉雄先生及胡禮平先生以公司權益方式持有之股份數目乃指由High Rate Investments Limited持有之同一批股份。該公司由潘嘉雄先生實益擁有50%權益，另50%權益則由以胡禮平先生及其家族成員為受益人之家族信託基金持有。
- (b) 連浩芬先生以公司權益方式持有之股份數目乃指由連浩芬先生實益擁有之Newray Int'l Limited持有之同一批股份。

除上述者外，若干董事為本公司利益而在若干附屬公司持有非實益之個人股本權益，以符合有關公司股東最少人數之規定。

除上文披露者外，根據本公司按證券及期貨條例第352條規定存置之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所，無任何董事或主要行政人員在本公司或其任何聯營公司之股份、相關股份或債券中擁有任何權益或淡倉。

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares and underlying shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director, chief executive or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2003, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued capital
名稱	附註	身份及權益性質	所持股份數目	佔本公司已發行股本之百分比
High Rate Investments Limited		Directly beneficially owned 直接實益擁有	161,870,103	31.75%
Powerix Engineering Limited	(1)	Interests of corporation controlled by Fidelitycorp Limited 由Fidelitycorp Limited 控制之法團權益	161,870,103	31.75%
Fidelitycorp Limited	(1)	Trustee of family trusts for Wu Lai Ping and his family members 以胡禮平及其家族成員為受益人之家族信託基金之受託人	161,870,103	31.75%
Newray Int'l Limited		Directly beneficially owned 直接實益擁有	48,850,327	9.58%

董事及主要行政人員認購股份之權利

除在上文「董事及主要行政人員於股份及相關股份之權益及淡倉」所披露者外，於年內任何時間，董事、主要行政人員或彼等各自之配偶或未成年子女概無獲授任何權利以通過購入本公司之股份或債券而獲益，亦無於年內行使任何該等權利，而本公司或其任何附屬公司於年內亦概無訂立任何安排以使董事可取得任何其他公司之該等權利。

主要股東及其他人仕於股份及相關股份之權益

於二零零三年十二月三十一日，根據本公司按證券及期貨條例第336條規定存置之權益登記冊顯示，下列股東於本公司已發行股本中擁有5%或以上權益：

好倉：

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

主要股東 (續)

Name 名稱	Notes 附註	Capacity and nature of interest 身份及權益性質	Number of shares held 所持股份數目	Percentage of the Company's issued capital 佔本公司已發行股本之百分比
Allianz Aktiengesellschaft		Investment manager 投資管理人	45,980,000	9.02%
Chan Tit Sang, Peter 陳鐵生	(2)	Directly beneficially owned and through a controlled corporation 直接實益擁有及通過受控制法團	33,738,524	6.62%

Notes:

- These shares are held by High Rate Investments Limited in which the family trusts (Mr. Wu Lai Ping and his family members are beneficiaries) have 50% interest.
- 18,221,211 shares are held by Chan Tit Sang, Peter as beneficial owner and the remaining 15,517,313 shares are held by Strong Luck Limited, a corporation controlled by Chan Tit Sang, Peter.

附註:

- 此等股份由High Rate Investments Limited持有，而家族信託基金(胡禮平先生及其家族成員為受益人)於其中擁有50%權益。
- 18,221,211股股份由陳鐵生以實益擁有人身份持有，而其餘15,517,313股股份由陳鐵生控制之法團Strong Luck Limited持有。

The above interests have also been disclosed as interests of Messrs. Poon Ka Hung, Wu Lai Ping and Lin Hoo Fun under the section headed "Directors' and chief executives' interests and short positions in shares and underlying shares" above.

上述權益並已在上文「董事及主要行政人員於股份及相關股份之權益及淡倉」一節披露為潘嘉雄先生、胡禮平先生及連浩芬先生之權益。

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executives' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

除上文所披露者外，概無任何人仕(本公司董事及主要行政人員除外)(其名下權益載於上文「董事及主要行政人員於股份及相關股份之權益及淡倉」一節)擁有任何根據證券及期貨條例第336條須予記錄之本公司股本權益。

CONNECTED TRANSACTIONS

The Company had executed and issued the following guarantees and stand-by letters-of-credit in favour of banks as security for such banks' granting loan facilities to a non-wholly-owned subsidiary and a jointly-controlled entity:

- (i) guarantees and stand-by letters-of-credit in favour of a bank in respect of two revolving loan facilities respectively in the sum of US\$1.25 million and HK\$2.2 million granted to Orient Power-Sunniwell IT Limited ("OPSIT"), a 51% owned subsidiary of the Group; and
- (ii) guarantees in favour of various banks in respect of loan facilities not exceeding HK\$70 million granted to Jiangsu Orient Power Electronics Company Limited ("JOPE"), a 51% owned jointly-controlled entity of the Group.

The minority shareholders of OPSIT had also executed guarantees in favour of the Company for its proportional interest in OPSIT of 49% for a US\$1.25 million loan granted to OPSIT.

As the financial assistances provided by the Company to OPSIT and JOPE by way of guarantees of the full amount of the facilities granted are in excess of the Group's proportional interests in these companies, the transactions constituted connected transactions of the Company pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

During the year, OPWDT provided a guarantee in favour of a bank in order to enable JOPE to obtain a loan of RMB10 million from a bank. Since OPWDT has no interest in JOPE, the guarantee of the full amount of the facilities granted constituted a connected transaction of the Company pursuant to the Listing Rules.

The independent non-executive directors consider that the above connected transactions were fair and reasonable and were entered in the ordinary course of the Company's businesses. The guarantees executed are within the limits set out in waivers provided by the Stock Exchange.

關連交易

本公司就非全資擁有附屬公司及共同控制企業而向銀行作出及發出以下擔保及備用信用狀以作為有關銀行授出貸款融資之抵押品：

- (i) 就北京朝歌寬帶網絡信息技術有限公司（「朝歌」）（本集團擁有51%權益之附屬公司）獲授兩筆分別為1,250,000美元及2,200,000港元之循環貸款融資而向銀行作出擔保及發出備用信用狀；
- (ii) 本公司就本集團擁有51%股權之共同控制企業江蘇東華電子有限公司（「江蘇東華」）獲批不超過70,000,000港元之貸款融資向銀行作出擔保。

朝歌之少數股東亦因應其擁有之49%比例股權就授予朝歌之1,250,000美元貸款向本公司作出擔保。

由於本集團以全數擔保獲批融資之方式資助朝歌及江蘇東華，而此款額超逾本集團於此等公司中之股權比例，故根據聯交所證券上市規則（「上市規則」）該交易構成本公司之關連交易。

年內，無錫東強為使江蘇東華獲批銀行貸款人民幣10,000,000元向銀行作出一項擔保。由於無錫東強在江蘇東華中並無擁有權益，根據上市規則全數擔保獲批之融資構成本公司一項關連交易。

獨立非執行董事認為上述關連交易乃公平合理，且根據本公司日常業務程序進行。就此所作出之擔保亦無超逾聯交所授出之豁免所規定之限額。

REPORT OF THE DIRECTORS

董事會報告書

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by this Annual Report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three members including two independent non-executive directors.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Poon Ka Hung

Chairman

Hong Kong, 22 April 2004

最佳應用守則

董事認為，除本公司委任非執行董事時並無按上市規則附錄十四所載之最佳應用守則（「守則」）第7段之規定訂明任期外，本公司於年報涵蓋之整段會計期間一直遵守守則，而根據本公司之公司細則，該等非執行董事須輪席退任。

審核委員會

本公司已按守則之規定成立審核委員會，以檢討及監管本集團之財務申報程序及內部監控工作。審核委員會有三名成員，包括兩位獨立非執行董事。

核數師

安永會計師事務所任滿告退，本公司將於應屆股東週年大會上提呈一項決議案，續聘安永會計師事務所為本公司之核數師。

董事會代表

主席

潘嘉雄

香港，二零零四年四月二十二日