

# CHAIRMAN'S STATEMENT

## 主席報告



**Mr. Poon Ka Hung**  
潘嘉雄先生

*Chairman and CEO*  
主席兼行政總裁

## FINANCIAL RESULTS

The Group experienced a 10.6% decline in revenues and an overall drop in profit of 58.6% in 2004. We attribute this decline to a year of transition in the audio-video sector worldwide as consumers latched on to different new products and forewent many mainstream products. The measures we took during the year allowed us to slow down the decline with improving gross margins. We expect improvements in 2005. In anticipation, the board recommends to retain more of our reserve and therefore a reduction of the year's final dividend to HK1.5 cents per share.

## BUSINESS REVIEW

Demands for traditional consumer products in major markets in general have been decreasing as consumers are shopping for new generation products. Many firms engaged in electronics related products worldwide have been either positively or adversely affected as evidenced by their 2004 results. As an example, Apple's i-Pod was a big hit in the US in 2004 while traditional CD-based portable audio players fell out of favor worldwide. The i-Pod phenomenon validated Internet as a means to deliver and distribute media commercially. Paid audio entertainment delivered via satellite, generally known as satellite radio, also picked up substantial momentum and customer base in the US. We believe 2004 was a transition period for product trends and user behavior in digital media.

## 財務業績

本集團於二零零四年之收入下跌10.6%，而盈利亦整體下跌58.6%。我們認為跌幅是因為客戶傾向選用不同新產品而捨棄不少主流產品，導致全球的影視產品行業經歷過渡性的一年。我們年內採取不同措施，使我們不但能將跌勢放緩，亦能改善邊際利潤。我們預期二零零五年將再有改善。有見及此，董事會建議保留更多儲備，因此年度的末期股息減少為每股1.5港仙。

## 業務回顧

隨著更多消費者選購新一代的產品，主要市場的傳統消費產品整體需求一直減弱。正如二零零四年行內的業績所反映，全球不少從事電子相關產品的公司均受到此趨勢的正面或負面影響。舉例而言，蘋果的i-Pod在二零零四年暢銷美國，而傳統的手攜式鐳射唱碟播放機在世界各地的受歡迎程度則不大如前。i-Pod的現象足證互聯網是商業社會傳送及發佈媒體的途徑。透過人造衛星（俗稱衛星收音機）傳送的付款音響娛樂，亦在美國拾起強勁的發展勢頭，客戶基礎更見擴大。我們相信，二零零四年是數碼媒體的產品趨勢以及用戶習慣的過渡期。

For the Home Section, we took steps back in 2003 to steadily reduce our product mix in traditional products and invest in a variety of new products for 2004. Reduction in traditional products together with several of the new products becoming available later than expected led to less revenue in the first half of 2004. Consequently, we missed certain opportunities. We focused on serving key customers in a tough year. The second half results of the Home Section showed improvements and we attribute the recovery to actions of new products coming in and focused customers. While margin by product category varied, the overall margin averaging across all products saw improvement.

The In-Car Section had a good first half year and healthy margin but experienced a downturn during the second half of the year. We believe phenomenon similar to that happening at the Home Section began to take effect in the In-Car Section. Product variety had increased substantially and consumers had ample choices of new products over more conventional in-car audio-video equipment.

Sharp rise in costs of raw materials such as integrated circuits, metals, plastics and paper was a serious problem in early and mid 2004. Materials cost stabilised in the second half of 2004.

Major retails customers had changed their sourcing practices and branding strategies. Their primary objectives were to further reduce cost and have differentiation in the meantime. Accordingly, the Group scaled back on using our house-brand **ORITRON** other than in the China market.

We continue to strengthen our presence in the China market by building up our distribution and sales activities for the China market using our **ORITRON** brand. We have seen business growth during the year in line with our investment. However, we are still taking a cautious and conservative approach as reflected in the moderate sales volume. We have recently made additional investment in our Wuxi JV to support their development of business in the coming years.

至於家居娛樂產品方面，我們在二零零三年逐步減少傳統產品的產品組合之投資，並在二零零四年投資不同類別的新產品。傳統產品減少，加上不少新產品的推出時間較預期延遲，導致二零零四年上半年的收入減少，結果我們亦錯過若干商機。在艱辛的一年裡，我們專注為較優質客戶提供服務。家居娛樂產品的業績在下半年已有所改善，而我們認為好轉的原因有賴於新產品推出以及我們專注較優質客戶的策略取得成果。雖然產品類別的邊際利潤有別，但所有產品的整體平均邊際利潤均見改善。

汽車電子類別在上半年度表現良好，邊際利潤不俗，但下半年的表現轉弱。我們相信汽車電子類別已開始出現類似在家居娛樂產品分部所出現的現象，即產品類別大幅增加，消費者可選擇的新產品，遠較傳統汽車影音產品設備繁多。

原材料(例如集成電路、金屬、塑膠及紙張)的成本急升，是二零零四年初及年中所面對的嚴峻問題。但原料成本已在二零零四年下半年已趨向穩定。

主要零售客戶已改變其採購模式及品牌策略。其主要的目標是進一步減省成本之餘，亦同時使產品系列多元化。因此，本集團在中國市場以外的地區，均已縮減本公司 **ORITRON** 品牌的使用。

我們將繼續利用本身的 **ORITRON** 品牌，透過建立在中國市場的分銷及銷售網絡，鞏固在中國市場的地位。我們目睹年內之業務增長與本身之投資相符。然而，銷售量仍然在適當水平，亦反映我們審慎而保守的方針。我們最近增加於無錫合營公司之投資，以支持未來幾年之業務發展。

## CHAIRMAN'S STATEMENT (continued)

## 主席報告(續)

## PROSPECTS

We believe our business in 2005 will improve as our new products are making positive contributions and costs of raw materials become more stable. The strategy is to serve key clientele with our refined product mix and continue to drive for better margin. This strategy applies to both export and China market. We also believe that our product development strategy is paying off as our new products are capturing opportunities in the changing market.

An example of the new products of our In-Car Section is navigation equipment. Another example is a set-top-box for the digital terrestrial television (DTT) market in Europe. European nations are beginning to use digital transmissions in conjunction with existing analogue transmissions. Each nation has a timetable to commence using digital transmissions and switching off those for analogue signals. Consumers are buying necessary receiving equipment to enjoy more channels now available on their televisions. New derived products with functional variety will emerge along the way. Therefore, we anticipate great opportunities in the digital broadcast market.

Internally, our supply chain management (SCM) system came on line for the Home Section in early January 2005. The system will run for about six months before rolling out to other divisions and locations. The new IT system will help to further improve our resource management and efficiency of capital utilisation.

## APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders for their support and patience in entrusting their investment in the Group throughout the year.



**Poon Ka Hung**  
Chairman

Hong Kong, 20 April 2005

## 前景

我們相信，業務在二零零五年會隨著新產品取得正額貢獻及原料成本更趨穩定而有所改善。我們所採取的策略是為主要客戶提供經改良的產品組合，從而繼續改善邊際利潤。此項策略亦應用於出口及中國市場。我們亦相信，隨著新產品能在瞬息萬變的市場抓住商機，我們的產品發展策略現已開始取得成果。

我們汽車電子類別中的其中一項新產品是衛星導航設備。另一例子則是適用於歐洲市場的數碼地面廣播電視機頂盒。歐洲國家除使用現有的模擬傳送外，亦已開始使用數碼傳送。各國已設定利用數碼傳送，並擬定終止使用模擬訊號的時間表。消費者開始購買所需接收器，以收看更多電視頻道。具備不同功能的新衍生產品，將隨之推出市場。因此，我們預期數碼廣播市場具有龐大商機。

內部方面，我們的供應鏈管理系統已於二零零五年一月初應用於家居娛樂產品業務。此系統將試驗約六個月，隨後即推及至其他部門及地點。新的資訊科技系統亦將有助改善我們的資源管理及資金運用的效率。

## 致謝

本人謹藉此機會代表董事會對股東於年內之支持與對投資於本集團之信心致衷心謝意。

**潘嘉雄**  
主席

香港，二零零五年四月二十日