

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS SUMMARY

During the year, the Group experienced a transitional slowdown in the consumer electronics industry as cited in the Chairman's statement. The Group's consolidated profit attributable to shareholders for the year ended 31 December 2004 decreased 58.6% over the corresponding year of 2003 to HK\$37.4 million. Consolidated sales turnover declined 10.6% to HK\$ 4.13 billion from the comparative period last year of HK\$4.62 billion.

Home Entertainment Division experienced some setbacks in the first half of the year but has rebounded strongly in the second half of 2004. The launch of new and consumer appealing products in line with new trends in the second half of the year began to improve the gross margin of the division. For the year ended 31 December 2004, the segment turnover and results decreased by 16% to HK\$2.25 billion and 33.4% to HK\$42.6 million respectively. The division anticipates continue improvement in the following year.

In-Car Division encountered the same cyclical transition in the industry in the second half of the year following a solid performance in 2003 and the first half of 2004. The division expects that new products should resume their positive outlook. Although sales turnover remained at around HK\$1.9 billion, the segment results decreased by 46.5% to HK\$46.4 million, from HK\$86.7 million to the corresponding year of 2003, as margins contracted toward the end of the year.

The networking information division initiated its development in IP-TV products and is starting to see consumer interest advancing. The division is also capitalizing on the potential in digital video box market in China and is looking for positive contribution to the Group in the near future. The central government's endorsement in digital cable TV began to take shape that had led to our supplying small orders of these digital boxes for operators at the provincial and city level for field trials. The Group also invested in a new platform for developing set-top-box for digital territorial television (DTT) for the European market which is seeing imminent switch-over from analogue TV broadcast to digital. The Division has narrowed its loss during the year when compared to 2003.

業務概要

年內，如主席報告所提及，本集團經歷消費電子行業之過渡性放緩。本集團截至二零零四年十二月三十一日止年度之綜合股東應佔溢利較二零零三年減少58.6%至37,400,000港元。綜合銷售營業額較去年同期之4,620,000,000港元下跌10.6%至4,130,000,000港元。

家居娛樂部門於本年度上半年表現遇到阻力，然而，在二零零四年下半年表現強勁。在本年度下半年緊隨新趨勢而推出消費者趨之若鶩的新產品開始改善此部門之毛利率。截至二零零四年十二月三十一日止年度，分部營業額及業績分別減少16%至2,250,000,000港元及減少33.4%至42,600,000港元。該部門預期於來年將繼續有所改善。

汽車電子部門自於二零零三年及二零零四年上半年表現強勁後，於本年度下半年同樣經歷過渡性放緩的週期。此部門預期新產品將可令業務重回正軌。雖然銷售營業額維持於約1,900,000,000港元，然而下半年利潤水平下降令分部業績由二零零三年之86,700,000港元下跌46.5%至46,400,000港元。

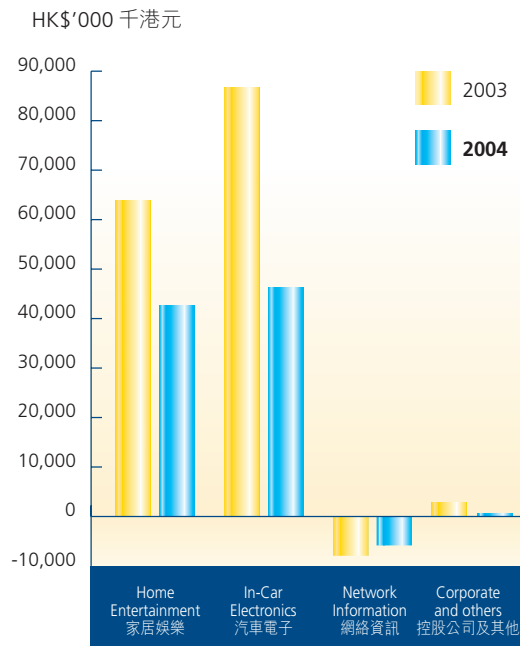
網絡資訊部門開始開發IP-TV產品，消費者興趣正見上升。此部門亦正發揮其於中國數碼電視盒市場之潛力，以於可見將來為本集團作出正面貢獻。中央政府對數碼電視之確認開始承認，為本集團開始帶來少量省市級營辦商訂單，供應此等數碼電視盒作實地試驗。本集團同時投資新平台以為開發數碼地面廣播電視機頂盒供應給歐洲市場，其電視廣播模式快將由模擬模式轉為數碼模式。年內，此部門之虧損與二零零三年比較已見收窄。

For the China market, the Group has experienced a mild growth in its moderate distribution business. The Group shall continue to maintain its commitment to the market by a cautious and conservative approach.

就中國市場而言，本集團之分銷業務錄得溫和增長。本集團將繼續採用謹慎而保守的市場方針。

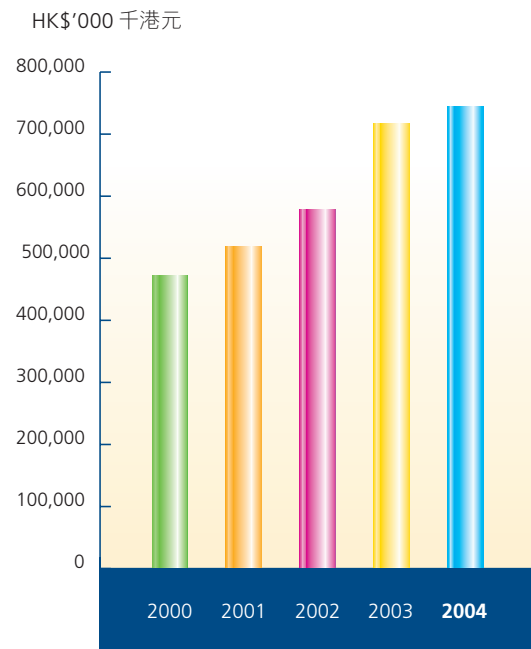
Profit Before Corporate Expenses and Interest Income from Operating Activities

按經營業務劃分之未計控股公司開支及利息收入溢利



Shareholders' Fund

股東資金



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's working capital as at 31 December 2004 was about HK\$450 million. The total bank borrowings, which were denominated in US dollars and Hong Kong dollars, were HK\$582 million as at 31 December 2004. Subsequent to the balance sheet date, the Group has drawn down a long term loan of HK\$150 million to support the Group's working capital requirement when business resumes its season.

The cash and bank balances, which were also mainly denominated in US dollars and Hong Kong dollars, were HK\$321 million as at 31 December 2004.

The gearing ratio as at year end date, which is calculated by total borrowings from banks and financial institutions net of cash divided by tangible net worth, was at a satisfactory level of 38.4%. Based on a review on the state of our order book which reflects moderate business growth, the Group considers its financial resources adequate to finance its working capital requirements as well as the further capital injection to our China jointly-controlled entity in March 2005.

DISPOSALS OF ASSOCIATES

During the year under review the Group had disposed of its associates, Clarion Orient Co., Limited and Dongguan Clarion Orient Electronics Co., Limited to the controlling shareholder of these associates at a total consideration of HK\$50 million. The disposal resulted in a gain of HK\$185,000. The Group considered that the disposal would enhance the competitiveness for its own development and marketing of in-car electronics products.

CHARGE ON ASSETS

None of the Group's assets was pledged as at 31 December 2004.

流動資金、財務資源及資本結構

本集團於二零零四年十二月三十一日之營運資金約為450,000,000港元。於二零零四年十二月三十一日，以美元及港元計值之銀行借款總額為582,000,000港元。於結算日後，本集團提取長期貸款150,000,000港元，以支持本集團於業務再次踏入旺季時之營運資金需求。

於二零零四年十二月三十一日，同樣是主要以美元及港元計值之現金及銀行結餘為321,000,000港元。

截至年結日止之資產負債比率(按來自銀行及財務機構之借款總額(扣除現金)除以有形資產淨值計算)為38.4%之理想水平。根據本集團審閱賬簿後所反映業務溫和增長之狀況，本集團認為其財務資源足以應付其營運資金所需，以及於二零零五年三月向其中國共同控制企業之進一步注資。

出售聯營公司

於回顧年度內，本集團以總代價50,000,000港元，將其聯營公司歌樂東方有限公司及東莞歌樂東方電子有限公司售予此等聯營公司之控股股東。出售產生之收益為185,000港元。本集團認為，該出售將加強其汽車電子產品發展及推廣之競爭力。

資產抵押

本集團於二零零四年十二月三十一日並無已抵押之資產。

CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 31 December 2004 are set out in note 35 to the financial statements.

EXCHANGE EXPOSURE

Sales and purchases of the Group are mostly transacted in US dollars. The Group considered its exchange exposure well managed through the current Hong Kong/US dollar peg.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2004, the Group had approximately 15,500 employees in the PRC, Hong Kong and the United States of America. Remuneration packages are generally structured by reference to the prevailing industry practice, individual performance and market conditions. The Group provides employee benefits such as year-end double pay, provident fund, medical insurance, training and discretionary bonuses. The remuneration policy and package of the Group are reviewed from time to time.

或然負債

本集團於二零零四年十二月三十一日之或然負債載於財務報表附註35。

外匯風險

本集團之買賣主要以美元進行。本集團認為其外匯風險已透過現時港元／美元掛鈎制度妥善管理。

僱員及薪酬政策

於二零零四年十二月三十一日，本集團於中國、香港及美國聘用約15,500名僱員。薪酬方案乃經參考現行行業慣例、個人表現及市場情況後整體制定。本集團提供之僱員福利包括年終雙糧、公積金、醫療保險、培訓及酌情花紅等。本集團會不時檢討薪酬政策及方案。