

Directors' Report

董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

董事會謹此提呈截至二零零五年十二月三十一日止年度之年報及經審核財務報表。

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of liquid crystal display products and electronic consumer products including MP3 players, calculators and electronic components.

主要業務

本公司乃投資控股公司，其附屬公司之主要業務為製造及銷售液晶顯示器產品及電子消費產品，包括 MP3 播放機、計算機及電子零件。

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 24.

業績及溢利分配

截至二零零五年十二月三十一日止年度的本集團業績載列於第24頁的綜合收益表內。

An interim dividend of 23 HK cents per share, amounting to HK\$105,378,000, was paid to the shareholders during the year.

本公司已於年內向股東支付中期股息每股23港仙，合共105,378,000港元。

The directors now recommend the payment of a final dividend of 25 HK cents per share to the shareholders of the Company whose names appear on the register of members on 28 April 2006, amounting to HK\$114,614,000, and the retention of the remaining profit of HK\$482,056,000 for the year.

董事建議向二零零六年四月二十八日名列本公司股東名冊的股東派發末期股息每股25港仙，總額約114,614,000港元，並且保留本年度餘下溢利482,056,000港元。

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired plant and machinery amounting to HK\$379,142,000 for the purpose of expanding its manufacturing capacity in Shan Wei City, Guangdong Province in the People's Republic of China.

物業、廠房及設備

年內，本集團就擴充中華人民共和國廣東省汕尾市之生產力而添置總值379,142,000港元之廠房及設備。

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

本集團年內之物業、廠房及設備之詳情及其他變動情況載於財務報表附註第15項。

SHARE CAPITAL

Details of movements during the year in the issued share capital of the Company are set out in note 29 to the financial statements.

股本

本公司之已發行股本於年內之變動詳情載於財務報表附註第29項。

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2005 were as follows:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Share premium	股份溢價	279,431	265,860
Special reserve	特別儲備	17,409	17,409
Retained earnings	保留盈利	18,254	3,271
		315,094	286,540

Under the applicable laws of the Cayman Islands, the share premium of the Company is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediate following the distribution or paying dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

The special reserve of the Company represents the difference between the net book values of the underlying assets of the Company's subsidiaries acquired at the date on which the shares of these companies were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisitions.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Lam Wai Wah, Steven
Wong Pong Chun, James
Cheung Tat Sang, James
Li Jian Hua

Independent non-executive directors:

Chung Kam Kwong
Heung Kai Sing
Ip Cho Ting, Spencer

本公司之可分派儲備

於二零零五年十二月三十一日，本公司可分派予股東之儲備如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Share premium	股份溢價	279,431	265,860
Special reserve	特別儲備	17,409	17,409
Retained earnings	保留盈利	18,254	3,271
		315,094	286,540

根據開曼群島之適用法例，本公司之股份溢價可依據其組織章程大綱或細則之條文向股東作出分派或支付股息，惟於緊隨作出分派或支付股息後，本公司須可於日常業務過程中支付到期債項。

本公司之特別儲備乃指於本公司在收購其附屬公司之股份當日該等被收購公司之相關資產賬面淨值與本公司就收購而發行之股份面值兩者間之差額。

董事

年內及截至本報告書之日期止，本公司之董事名單如下：

執行董事：

林偉華
黃邦俊
張達生
李建華

獨立非執行董事：

鍾錦光
香啟誠
葉祖亨

DIRECTORS (Continued)

In accordance with Articles 100 and 120 of the Company's Articles of Association, Wong Pong Chun, James and Cheung Tat Sang, James retire and, being eligible, offer themselves for re-election.

The independent non-executive directors are subject to retirement by rotation in accordance with the above articles.

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 CONTRACTS

No contracts of significance to which the Company or any of its 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.

董事 (續)

依據本公司組織章程細則第100條及第120條之規定，黃邦俊與張達生行將告退，惟合資格並表示願意膺選連任。

獨立非執行董事須按上述細則輪值告退。

擬於即將舉行之股東週年大會膺選連任之董事概無與本公司或其附屬公司訂立任何本集團不得於一年內免付賠償(法定賠償除外)而予以終止之服務合約。

董事之合約權益

本公司或其任何附屬公司，概無訂立任何本公司董事直接或間接擁有重大權益，並且於本年底或年內任何時間仍然生效之重大合約。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2005, the interests of the directors and their associates in the shares and underlying 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:

Long positions

(a) Ordinary shares of HK\$0.1 each of the Company

董事之股份及相關股份權益

根據本公司遵照證券及期貨條例第352條所保存之登記冊所載，或根據《上市公司董事進行證券交易的標準守則》須知會本公司及香港聯合交易所有限公司，於二零零五年十二月三十一日，董事及其聯繫人擁有之本公司股份及相關股份權益如下：

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(a) 本公司每股面值0.1港元之普通股

Name of director 董事姓名	Capacity 身分	Number of issued ordinary shares held 所持之已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司之已 發行股本百分比 %
Lam Wai Wah, Steven 林偉華	Beneficial owner 實益擁有人	199,548,000	43.55
	Held by spouse (note 1) 由配偶持有 (附註1)	12,100,000	2.64
		211,648,000	46.19
Wong Pong Chun, James 黃邦俊	Beneficial owner 實益擁有人	404,000	0.09
	Held by spouse (note 2) 由配偶持有 (附註2)	100,000	0.02
		504,000	0.11
Cheung Tat Sang, James 張達生	Beneficial owner 實益擁有人	910,000	0.20
Li Jian Hua 李建華	Beneficial owner 實益擁有人	1,173,000	0.26

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

董事之股份及相關股份權益 (續)

Long positions (Continued)

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(b) Share options

(b) 購股權

Name of director 董事姓名	Capacity 身分	Number of options held 所持之購股權數目	Number of underlying shares 相關股份數目
Lam Wai Wah, Steven 林偉華	Beneficial owner 實益擁有人	6,900,000	6,900,000
Wong Pong Chun, James 黃邦俊	Beneficial owner 實益擁有人	5,190,000	5,190,000
Cheung Tat Sang, James 張達生	Beneficial owner 實益擁有人	8,100,000	8,100,000
Li Jian Hua 李建華	Beneficial owner 實益擁有人	4,400,000	4,400,000
	Held by spouse (note 3) 由配偶持有 (附註3)	4,400,000	4,400,000
		28,990,000	28,990,000

Notes:

附註:

- Lam Wai Wah, Steven is deemed to be interested in 12,100,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.
- Wong Pong Chun, James is deemed to be interested in 100,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
- Li Jian Hua is deemed to be interested in 4,400,000 share options of the Company, being the interests held beneficially by his spouse, Guo Yu Yan.

- 林偉華被視為擁有12,100,000股由其配偶鍾琮綺實益擁有之本公司普通股權益。
- 黃邦俊被視為擁有100,000股由其配偶黎清梅實益擁有之本公司普通股權益。
- 李建華被視為擁有4,400,000份由其配偶郭玉燕實益擁有之本公司購股權權益。

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 31 December 2005.

除上文所披露者外，於二零零五年十二月三十一日，各董事或其聯繫人概無擁有本公司或其任何相聯法團之任何股份及相關股份權益或淡倉。

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 34 to the financial statements.

The following table discloses movements in the Company's share options during the year:

購股權

有關本公司購股權計劃之詳情載於財務報表附註第34項。

下表披露本公司之購股權於年內之變動：

Option type 購股權類別		Number of options outstanding at beginning of year 於年初尚未行使 購股權數目	Exercised during year 年內行使	Number of options outstanding at end of year 於年終尚未行使 購股權數目
Category 1: Directors 第一類：董事				
Lam Wai Wah, Steven 林偉華	2001	6,900,000	–	6,900,000
Wong Pong Chun, James 黃邦俊	2001 2003	1,270,000 4,400,000	(480,000) –	790,000 4,400,000
Cheung Tat Sang, James 張達生	2001 2003	6,200,000 4,400,000	(2,500,000) –	3,700,000 4,400,000
Li Jian Hua (Note) 李建華(附註)	2003	8,800,000	–	8,800,000
		31,970,000	(2,980,000)	28,990,000

Note: Li Jian Hua is deemed to be interested in 4,400,000 2003 share options, being the interests held beneficially by his spouse, Guo Yu Yan.

附註：李建華被視為擁有4,400,000份由其配偶郭玉燕實益擁有之二零零三年購股權權益。

Category 2: Substantial shareholder

Other than the share options held by Lam Wai Wah, Steven as disclosed above, no share option has been granted to other substantial shareholders.

第二類：主要股東

除上文所披露由林偉華持有之購股權外，本公司概無向其他主要股東授予購股權。

Option type 購股權類別		Number of options outstanding at beginning of year 於年初尚未行使 購股權數目	Exercised during year 年內行使	Number of options outstanding at end of year 於年終尚未行使 購股權數目
Category 3: Employees 第三類：僱員				
	2001	6,200,000	(3,495,000)	2,705,000
	2003	26,400,000	–	26,400,000
		32,600,000	(3,495,000)	29,105,000

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$10.38.

本公司股份於緊接購股權獲行使日期前之加權平均收市價為10.38港元。

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes disclosed above, at no time during the year was the Company or any of its 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, Steven, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.1 each of the Company

購買股份或債券之安排

除上述披露之購股權計劃外，本公司或其任何附屬公司於年內並無參予任何安排，致使本公司之董事可透過收購本公司或任何其他法人團體之股份或債券而獲得利益。

主要股東

除上文所披露有關林偉華擁有之權益外，根據本公司遵照證券及期貨條例第336條所保存之主要股東登記冊所披露，截至二零零五年十二月三十一日，下列股東已知會本公司其於本公司之已發行股本中擁有之有關權益。

好倉

本公司每股面值0.1港元之普通股

Name of shareholder 股東姓名	Capacity 身分	Number of issued ordinary shares held 所持之已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司之已 發行股本百分比 %
Chan Kin Sun (note) 陳建新(附註)	Beneficial owner 實益擁有人	28,900,000	6.31
	Held by spouse 由配偶持有	9,856,000	2.15
Chan Lai Lan 陳麗蘭	Beneficial owner 實益擁有人	38,756,000	8.46
		25,896,000	5.65

Note: Chan Kin Sun and his spouse, Cheng Kwan Ying, Jennifer, are deemed to be interested in 38,756,000 shares of the Company.

附註：陳建新及其配偶鄭群英被視為擁有本公司38,756,000股股份權益。

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2005.

除上文所披露者外，截至二零零五年十二月三十一日，本公司並未獲悉任何其他本公司已發行股本之有關權益或淡倉。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to directors and eligible employees, details of the schemes are set out in note 34 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

MODEL CODE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the year under review in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited.

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會按僱員之貢獻、資歷及能力釐定。

本公司董事之酬金乃由薪酬委員會經考慮本公司之經營業績、個人表現及可資比較市場統計數據釐定。

本公司已採納購股權計劃，作為對董事及合資格僱員之獎勵。有關計劃詳情載於財務報表附註第34項。

優先購買權

本公司之組織章程細則或開曼群島法例均無關於優先購買權之規定。本公司無須按此規定而按現有股東之持股比例發行新股。

購買、出售或贖回上市證券

本公司或其附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

標準守則

根據本公司董事所知悉，並無資料合理顯示本公司於回顧年度未有遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十所載之上市發行人董事進行證券交易的標準守則。

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the code provisions of the Corporate Governance Code (the "Code") for the purposes of reviewing and providing supervision over the Group's financial reporting matters and internal controls. The annual results have been reviewed by the Audit Committee which comprises all the three independent non-executive directors namely Mr. Chung Kam Kwong (being the Chairman), Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, and Mr. Wong Pong Chun, James, an executive director, as members. They meet at least four times a year.

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

REMUNERATION AND NOMINATION COMMITTEES

The Company has set up a Remuneration Committee and a Nomination Committee respectively in accordance with the relevant requirements of the Code. The two Committees are chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members, namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, an executive director of the Company.

CORPORATE GOVERNANCE

We have complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules which became effective on 1 January 2005, throughout the year ended 31 December 2005, except for the following major deviations:

1. Code Provision A.2.1 – The roles of the Chairman and the Chief Executive are not separated and are performed by the same individual, Mr. Lam Wai Wah, Steven. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of Company and believes that this structure will enable us to make and implement decisions promptly and efficiently.

審核委員會

本公司已遵照企業管治常規守則(「守則」)之守則條文而成立審核委員會,以便審閱及監察本集團財務申報事宜及內部控制。全年業績已經由審核委員會審閱,而審核委員會由全體三名獨立非執行董事鍾錦光先生(委員會主席)、葉祖亭先生及香啟誠先生(委員會成員),以及執行董事黃邦俊先生(委員會成員)組成。彼等每年最少召開四次會議。

本集團已根據上市規則第3.13條接獲各獨立非執行董事分別發出有關其獨立性之年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

薪酬委員會及提名委員會

本公司已根據守則之相關規定分別成立薪酬委員會及提名委員會。兩個委員會均由獨立非執行董事鍾錦光先生出任主席,並包括三名其他成員葉祖亭先生及香啟誠先生(獨立非執行董事)以及黃邦俊先生(本公司執行董事)。

企業管治

截至二零零五年十二月三十一日止年度,本集團一直遵守於二零零五年一月一日生效之上市規則附錄十四內企業管治常規守則所載之所有適用守則條文,惟以下重大偏差除外:

1. 守則條文第A.2.1條一主席及行政總裁之職位不可分開,且由同一人(林偉華先生)出任。董事會將定期舉行會議,以考慮影響本公司運作之重大事宜。董事會認為此架構將不會使董事會與本公司管理層之間之權力及授權失衡,並相信此架構將使本集團能快速及有效制訂及推行決策。

CORPORATE GOVERNANCE (Continued)

- Code Provision A.4.1 – The independent non-executive Directors have not been appointed for a specific term, but are subject to retirement and re-election in accordance with the Articles.
- Code Provision A.4.2 – This Code Provision stipulates that all directors appointed to fill a casual vacancy shall hold office until the first next general meeting after their appointment, and every director should be subject to retirement by rotation at least once every three years. According to the Articles, any Director shall hold office until the next following annual general meeting and at such meeting, one-third of the Board shall retire from office by rotation and be eligible for re-election. Amendments to the relevant provisions of the Articles will be proposed at the 2006 annual general meeting of the Company to comply with Code Provisions A.4.1 and A.4.2.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2005.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$5,421,000.

AUDITORS

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Lam Wai Wah, Steven
CHAIRMAN

Hong Kong, 23 March 2006

企業管治 (續)

- 守則條文第A.4.1條—獨立非執行董事並無按特定任期委任，惟須根據細則退任及膺選連任。
- 守則條文第A.4.2條—此項守則條文訂明，所有就填補臨時空缺而獲委任之董事將任職至彼等獲委任後之首個應屆股東大會，而每名董事須最少每三年輪席告退一次。根據細則，任何董事須任職至下屆股東週年大會，而於每次大會上，董事會三分之一之董事須輪席告退，並合資格膺選連任。細則有關條文之修訂將於本公司二零零六年股東週年大會上提呈，以符合守則條文第A.4.1條及第A.4.2條。

公眾持股量充裕程度

本公司於截至二零零五年十二月三十一日止年度內一直維持足夠之公眾持股量。

捐款

於年內，本集團捐出為數5,421,000港元之慈善及其他捐款。

核數師

在本公司之股東週年大會上將提呈一項決議案，以重新委聘德勤•關黃陳方會計師行連任本公司核數師之職。

代表董事會

主席
林偉華

香港，二零零六年三月二十三日