

Chairman's Statement 主席報告



Mr. Poon Ka Hung

Chairman and CEO

潘嘉雄先生

主席兼行政總裁

OVERVIEW

The Group recorded a loss for the year of HK\$1,254,365,000. Turnover decreased by 11% to HK\$3,696,164,000. The losses include provisioning of approximately HK\$903,146,000, which the management considers it necessary to recognize in the context of a substantial overhaul of the Group's business. The provisioning is reflective of the technological changes in the markets in which the Group operates and of management's decision to refine the Group's business focus to concentrate on more specialized niche markets so as to generate higher margins in the future. Provisions made serve to write down assets of the Group that management consider will not contribute within the refocused business. The process of restructuring the business, and efforts to strengthen the senior management, will continue throughout the current year.

REVIEW AND PROSPECTS

2005 was a difficult year for the Group. The business suffered as a result of the severe competitive pressures in the retail electronics market. The Group's difficulties were compounded by the legal action taken against it by Philips in respect of alleged patent infringements. The Group, as previously announced, is defending the claims against it.

概覽

本集團本年度錄得虧損1,254,365,000港元。營業額下降11%至3,696,164,000港元。該等虧損包括約903,146,000港元之撥備及撇銷，管理層認為在本集團業務重大調整之情況下，須確認該撥備。該撥備反映本集團營運市場之技術變動及管理層決定將本集團之業務重點重新鎖定在特定市場，以便將來締造更高之邊際利潤。本集團已就管理層認為不會注入重整後業務之資產作出沖減撥備。於本年度內，本集團將繼續進行業務重組及強化高級管理層。

回顧及展望

二零零五年為本集團舉步為艱之一年。本集團之業務因電子零售市場激烈競爭而蒙受損失。而飛利浦指稱專利侵權向本集團提起之訴訟使本集團所處環境更形困難。本集團，如先前公佈，對該索償正進行抗辯。

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With a view to restructuring its indebtedness, the Group is in discussions with a steering committee of its bank creditors. In an effort to provide stability to the Group's operations pending agreement on a restructuring, the Company has negotiated a standstill agreement with the banks ("the Lenders"), which the steering committee has authority to extend to 30 May 2006. Furthermore the Group is working with the steering committee toward agreeing a framework to the restructuring of the Group by 30 May 2006.

The Group's business slowed substantially during the year due, in large part, to the constraints imposed upon the Group's financial resources. The focus of the business during the past year has been towards cash generation. In addition, the Group has recorded losses as a result of offering discounts on sales with a view to retaining market share, provisioning associated with expediting liquidation of outdated, or close to outdated stock, and ceasing certain unprofitable operations and suspending its sub-contracting practices. These initiatives, and the associated rationalization of the Group's balance sheet, will provide a firm platform on which the Group can build a viable business.

Towards the end of the year, the Company undertook a wide-ranging strategy review and sought to identify solutions designed to stabilize and enhance its business. As a result the Group has plans to refine product lines and make further cut-backs in respect of inefficient capacity and operations in order to restore profit margins. The objective is to generate more cash flow while reducing working capital needs. Both of the Group's business divisions are studying ways to reduce operational cycles, thereby utilizing working capital more efficiently, and to emphasise the 'high-end' engineering capabilities of the Group through improved customer support so as to differentiate it from many of its competitors.

In conjunction with the review of business strategy, the Company is in the process of overhauling and strengthening its senior management and improving its information and control systems. As a result, the Company will be better placed to monitor and react to key performance indicators and to provide the quality of information necessary to support the complex exercise of restructuring the Company's business activities and debt profile.

為重組其債務，本集團正與其銀行債權人之指導委員會進行磋商。為了在達成重組協議前穩定本集團之業務，本公司已與銀行（「借款方」）達成暫停還款協議，指導委員會有權將還款期限延長至二零零六年五月三十日。此外，本集團正與指導委員會協作以達成本集團截至二零零六年五月三十日之重組框架。

年內，本集團之業務顯著放緩，主要原因是受本集團之財務資源所限。過去一年業務重點傾向於現金生成。此外，由於為求保持市場份額，就加快套現過期或將近過期存貨、及終止若干無溢利之業務及延緩其分包合約實踐而提供銷售折扣，本集團因而錄得虧損。該等措施以及對本集團資產負債表作出合理調整，將為本集團提供穩固之業務平台。

年底，本公司進行了廣泛檢討，並嘗試識別能穩定及加強其業務之解決方案。就此，本集團已制訂改良其產品之方案，並進一步削減低效率之業務。其目的為在產生更多現金流量的同時減少營運資金需求。本集團各個業務分部正研究縮短營運週期之方法，繼而更有效地使用營運資金，並透過提高客戶支持而加強本集團之高端工程能力，使本集團有別於其競爭對手。

除檢討業務策略外，本公司亦重整及加強其高級管理層隊伍，以及改進其資訊及監控系統。本公司將因此能更有效地監察主要績效指標，作出及時回應，並為本公司之業務活動及債務重組提供所需之資料。

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The directors and senior management are fully committed to the restructuring process and believe that, with the continued support of its banks, customers and suppliers, the Group will be able to achieve a turnaround of its fortunes.



Poon Ka Hung
Chairman

Hong Kong, 26 April 2006

董事及高級管理層致力於重組並相信，儘管管理層仍需排除萬難，但在銀行、客戶及供應商之持續支持下，本集團定能扭轉劣勢。

潘嘉雄
主席

香港，二零零六年四月二十六日