

## Management Discussion and Analysis 管理層討論及分析

### BUSINESS SUMMARY

The Group's consolidated loss attributable to shareholders for the year ended 31 December 2005 was HK\$1.25 billion. Consolidated revenue declined 10.6% to HK\$3.7 billion from the comparative period last year of HK\$4.13 billion.

Home Entertainment revenue for the year declined 23.7% to approximately HK\$1.73 billion from the comparative period last year due to competitive pressures and a changing pattern in demand by customers in the global market. As the division worked to focus on new product initiatives, the result for the year was a loss of HK\$705.3 million, which included a significant provision for impairments in the value of inventory, receivables, fixed assets as more particularly set out in the Chairman's statement and the notes to the accounts.

In-car Division revenue was flat in comparison to the previous year at HK\$2 billion. The contraction in margins reported at the end of 2004 continued during the year, resulting in a realignment of resources and a focus on improved earnings from sales to the OE markets. The result was a loss of HK\$469.5 million after making similar provisions to those referred to in the Home Entertainment Division in the previous paragraph in connection with this strategy.

From an assessment of the resources required to earn significant margins from the activities of the Networking Information Division, it was decided to concentrate on the change in strategic direction being engineered in the Home Entertainment and In-car divisions, with the result that revenue declined 43.5% from the previous year, incurring a net loss of HK\$2.8 million, 53% narrower than the previous year.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At the end of the 2005, the Group had a net deficiency as regards shareholders' fund of HK\$497.8 million. The circumstances relevant to the Group's present and future working capital resources and general liquidity have been fully detailed in note 2.1 to the financial statements.

### 業務概要

截至二零零五年十二月三十一日止年度，本集團之股東應佔綜合虧損為1,250,000,000港元。綜合收益較去年同期之4,130,000,000港元下降10.6%至3,700,000,000港元。

由於受到競爭壓力及全球市場客戶需求模式轉變，年內家居娛樂收益較去年同期下降23.7%至約1,730,000,000港元。由於部門努力專注於新產品策略，年內業績為虧損705,300,000港元，包括存貨、應收款項及固定資產價值之重大減值撥備，詳情載於主席報告及賬目附註。

汽車電子部門收益較去年2,000,000,000港元表現平淡。二零零四年報告之利潤水平下降於本年度持續，導致資源重組及專注於原設備市場銷售增加之盈利。就此策略作出前段家居娛樂部門所述之類似撥備後，業績為虧損469,500,000港元。

透過評估賺取網絡資訊部門經營活動所得重大利潤所需資源，本集團決定專注於家居娛樂部門及汽車電子部門現計劃之策略方向之改變，收益較去年下降43.5%，產生虧損淨額2,800,000港元，較去年縮窄53%。

### 流動資金、財務資源及資本結構

於二零零五年底，本集團就股東資金497,800,000港元錄得淨虧絀。有關本集團現時及未來營運資金資源及一般流動資金之情況，詳述於財務報表附註2.1。

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### CHARGE ON ASSETS

During the year, the Group granted an all monies debenture by way of fixed and floating charges over the entire assets and business undertaking of the Group to secure working capital facilities from banks pursuant to the standstill agreement as referred to in note 2.1 to the financial statements.

### CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 31 December 2005 are set out in note 37 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 2005, the Group had approximately 13,100 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.

### 資產抵押

根據財務報表附註2.1所述之暫停還款協議，於本年度，本集團透過對本集團所有資產及業務的固定及浮動抵押而授出一項全額債券，以自銀行獲得營運資金貸款。

### 或然負債

本集團於二零零五年十二月三十一日之或然負債載於財務報表附註37。

### 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

於二零零五年十二月三十一日，本集團於中國、香港及美國聘用約13,100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。