

Directors' Report 董事會報告書

The directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the design, manufacture, marketing and distribution of consumer electronic products, property and investment holding and property development. The activities of the principal subsidiaries are set out in note 16 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year are set out in the consolidated income statement on page 27.

No dividend was paid during the year. The directors do not recommend the payment of a dividend for the year.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total purchases. The aggregate sales attributable to the Group's five largest customers and the largest customer were 49% and 30% of the total sales, respectively.

At no time during the year did the directors, their associates or any shareholders which to the knowledge of the directors, owns more than 5% of the Company's share capital had any beneficial interest in the five largest customers of the Group.

INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 30th June, 2005. The increase in fair value of HK\$100,880,000 has been credited to the consolidated income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

董事會謹此提呈截至二零零五年六月三十日止年度之週年報告書及經審核財務報告。

主要業務

本公司為一家投資控股公司。本集團之主要業務為設計、製造、市場推廣及分銷電子消費產品，同時亦從事物業投資控股及物業發展。主要附屬公司之業務載於財務報告附註16。

業績及分派

年內，本集團業績載於本年報第27頁之綜合收益表。

本年度並無派付任何股息。董事不建議派付本年度之股息。

主要供應商及客戶

於本年度，本集團首五大供應商之採購總額佔總採購額少於30%。而本集團首五大客戶及最大客戶之銷售總額分別佔總銷售額49%及30%。

本公司各董事、聯繫人士或據董事會所知擁有本公司股本5%以上權益之任何股東概無實益擁有任何本集團首五大客戶之權益。

投資物業

本集團之投資物業於二零零五年六月三十日進行重估。公允值增加100,880,000港元已記入綜合收益表。

本集團投資物業於年內之此等變動及其他變動之詳情載於財務報告附註13。

Directors' Report 董事會報告書

INTEREST IN A LEASEHOLD LAND

Details of the interest in a leasehold land of the Group are set out in note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2005 are set out on pages 87 and 88.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company are set out in note 25 to the financial statements.

DIRECTORS

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

Executive:

Hung Kin Sang, Raymond (*Managing Director*)
(*resigned as a chairman on 31st May, 2005*)

Hung Wong Kar Gee, Mimi (*Chairman*)
(*appointed as a chairman on 31st May, 2005*)

Fang Chin Ping
Hung Kai Mau, Marcus
(*appointed on 16th August, 2005*)

Non-executive:

Soo Hung Leung, Lincoln J.P.
(*resigned on 30th September, 2004*)

租賃土地之權益

本集團租賃土地之權益詳情載於財務報告附註14。

物業、廠房及設備

本集團本年度物業、廠房及設備之變動詳情載於財務報告附註15。

主要物業

本集團於二零零五年六月三十日之主要物業詳情載於第87頁至第88頁。

股本及購股權

本公司股本及購股權之詳情載於財務報告附註25。

董事

本年度及截至本報告書刊發日期之本公司董事為：

執行董事：

洪建生 (董事總經理)
(於二零零五年五月三十一日
辭任主席)

洪王家琪 (主席)
(於二零零五年五月三十一日
獲委任主席)

方進平
洪繼懋
(於二零零五年八月十六日獲委任)

非執行董事：

蘇洪亮非官守太平紳士
(於二零零四年九月三十日辭任)

Directors' Report 董事會報告書**Independent Non-executive:**

Lo Yun Tai

Lun Tsan Kau

Soo Hung Leung, Lincoln J.P.

(appointed on 30th September, 2004)

Lam Ka Wai, Graham

(appointed on 1st October, 2005)

In accordance with Clause 86(2) and 87(1) of the Company's Bye-Laws, Mr. Hung Kin Sang, Raymond, Mr. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai, Mr. Lun Tsan Kau, Mr. Hung Kai Mau, Marcus and Mr. Lam Ka Wai, Graham retire and, being eligible, offer themselves for re-election. All remaining directors will continue in office. The terms of office of the independent non-executive directors are the periods up to their retirement by rotation in accordance with the Company's Bye-Laws.

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

At 30th June, 2005, Mr. Hung Kin Sang, Raymond and Madam Hung Wong Kar Gee, Mimi, directors of the Company, had outstanding joint and several guarantees issued, at no consideration, in favour of a bank in respect of credit facilities granted by the bank to a subsidiary of the Company amounting to HK\$21,202,000.

獨立非執行董事：

盧潤帶

倫贊球

蘇洪亮非官守太平紳士

(於二零零四年九月三十日獲委任)

林家威

(於二零零五年十月一日獲委任)

按照本公司之公司細則第86(2)條及第87(1)條，洪建生先生、蘇洪亮先生、盧潤帶先生、倫贊球先生、洪繼懋先生及林家威先生依章告退，惟願膺選連任。其餘董事全部留任。各獨立非執行董事之任期均至依照本公司之公司細則規定依章輪值告退為止。

於應屆股東週年大會上擬膺選連任之董事與本公司或其任何附屬公司並無訂立任何本集團不可於一年內不付賠償（法定補償除外）而終止之服務合約。

關連交易及董事於重大合約之權益

於二零零五年六月三十日，本公司董事洪建生先生及洪王家琪女士就一家銀行給予一家附屬公司之信貸融資共同及個別作出尚未了結之擔保金額達21,202,000港元。

Directors' Report 董事會報告書

DIRECTORS' INTERESTS IN SHARES AND
UNDERLYING SHARES

At 30th June, 2005, the interests held by the directors of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

董事之股份及相關股份權益

於二零零五年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之登記冊所載，本公司董事擁有本公司及其相聯法團（定義見證券及期貨條例第XV部）股份、相關股份及債券之權益，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益如下：

(a) Long position in shares of the Company

(a) 本公司股份好倉持有

| Name of directors 董事姓名 | Number of ordinary shares 普通股數目 | | | | Approximate % of Total shareholding 總計 概約持股 百分比 |
|---------------------------------|------------------------------------|----------------------------------|---------------------------------|-------------|---|
| | Beneficial owner 實益擁有人 | Held by a | Held by | Total | |
| | | discretionary | controlled | | |
| | | trust 由全權信託 基金持有 | corporation 由受控制 公司持有 | | |
| Hung Kin Sang, Raymond 洪建生 | 3,280,000 | 405,655,584 (Note 1) (附註1) | 48,329,000 (Note 2) (附註2) | 457,264,584 | 48.79% |
| Hung Wong Kar Gee, Mimi 洪王家琪 | 8,870,056 | 405,655,584 (Note 1) (附註1) | 48,329,000 (Note 2) (附註2) | 462,854,640 | 49.39% |
| Fang Chin Ping 方進平 | 100,000 | — | — | 100,000 | 0.01% |
| Soo Hung Leung, Lincoln 蘇洪亮 | 1,100,000 | — | — | 1,100,000 | 0.12% |

Directors' Report 董事會報告書

Notes:

- (1) These shares were held by the following companies:

| | Number of ordinary shares 普通股數目 |
|----------------------|--|
| Malcolm Trading Inc. | 43,992,883 |
| Primore Co. Inc. | 2,509,266 |
| Capita Company Inc. | 359,153,435 |
| | <u>405,655,584</u> |

Malcolm Trading Inc., Primore Co. Inc. and Capita Company Inc. are wholly-owned by the Marami Foundation as the trustee of Raymond Hung/Mimi Hung & Family Trust. All units in Raymond Hung/Mimi Hung & Family Trust are beneficially owned by a discretionary trust, the beneficiaries of which include the family members of Mr. Hung Kin Sang, Raymond and Madam Hung Wong Kar Gee, Mimi.

- (2) These shares were held by iQuorum Cybernet Limited, a wholly owned subsidiary of the Company.

(b) Long position in shares of a 89% owned subsidiary

At 30th June, 2005, Mr. Fang Chin Ping held 200,000 ordinary shares of Quorum Bio-Tech Limited, which represented 2% of the issued share capital of this company.

Save as disclosed above and other than certain nominee shares in subsidiaries held in trust for the Company by certain directors at 30th June, 2005, none of the directors or their associates had any interests, or short position in any shares, underlying shares of the Company or any of its associated corporations.

附註：

- (1) 該等股份由下列公司持有：

| | Number of ordinary shares 普通股數目 |
|----------------------|--|
| Malcolm Trading Inc. | 43,992,883 |
| Primore Co. Inc. | 2,509,266 |
| Capita Company Inc. | 359,153,435 |
| | <u>405,655,584</u> |

Malcolm Trading Inc.、Primore Co. Inc.及Capita Company Inc.均由作為Raymond Hung/Mimi Hung & Family Trust信託人之Marami Foundation全資擁有。Raymond Hung/Mimi Hung & Family Trust之全部單位均由一全權信託基金實益擁有，而該全權信託基金之受益人包括洪建生先生及洪王家琪女士之家族成員。

- (2) 該等股份由本公司一全資附屬公司盈聯網絡有限公司持有。

(b) 於擁有89%權益之附屬公司之股份好倉持有

於二零零五年六月三十日，方進平先生持有200,000股Quorum Bio-Tech Limited普通股，佔該公司已發行股本2%。

除上文所披露者及若干董事以信託方式代本集團持有於附屬公司之若干代理人股份外，於二零零五年六月三十日，各董事或彼等之聯繫人士並無擁有本公司或其任何相聯法團股份或相關股份之權益或淡倉持有。

Directors' Report 董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The directors and employees of the Company and its subsidiaries are entitled to participate in the share option scheme of the Company adopted by the Company on 16th September, 2002 (the "Scheme"). No share options has been granted under the Scheme since its adoption. Particulars of the Scheme are set out in note 25 to the financial statements.

Save as 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. None of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above under the heading "Directors' interests in shares and underlying shares" in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company at 30th June, 2005.

PRE-EMPTIVE RIGHTS

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

董事購買股份或債券之權利

本公司及其附屬公司之董事及僱員均可參與本公司於二零零二年九月十六日所採納之本公司購股權計劃（「計劃」）。計劃之詳情載於財務報告附註25。

除上文所披露者外，本公司或其任何附屬公司於本年度內任何時間概無訂立任何安排，致使本公司之董事可藉購買本公司或任何其他法人團體之股份或債券而獲得利益。各董事或彼等之配偶或未滿十八歲子女概無認購本公司證券之權利，亦無於本年度行使任何該等權利。

主要股東

除上文「董事之股份及相關股份權益」一節所披露若干董事之權益外，本公司根據證券及期貨條例第336條之規定而存置之主要股東名冊顯示，於二零零五年六月三十日並無任何人士擁有本公司已發行股本而須予公佈之權益或淡倉持有。

優先購買權

本公司之公司細則及百慕達法律均無優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

Directors' Report 董事會報告書**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, the Company repurchased 3,860,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$843,000. All of the shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$39,000 during the year was credited to capital redemption reserve and the relevant aggregate consideration of HK\$843,000 was paid out from the Company's accumulated losses. Details of the repurchases are as follows:

買賣或贖回上市證券

本公司於年內以總代價843,000港元在聯交所購回普通股3,860,000股。全部購回股份其後均已註銷。年內已註銷股份39,000港元之面值已記入資本贖回儲備，且相關總代價843,000港元已自本公司累積虧損支付。購回詳情概述如下：

| Month of the repurchases | 購回月份 | Total number of the ordinary shares repurchased 購回之 普通股總股數 | Highest price paid per share 已付每股 最高價 HK\$ 港元 | Lowest price paid per share 已付每股 最低價 HK\$ 港元 | Aggregate consideration 總代價 HK\$'000 千港元 |
|-----------------------------|---------|--|---|--|--|
| January 2005 | 二零零五年一月 | 280,000 | 0.128 | 0.120 | 36 |
| February 2005 | 二零零五年二月 | 480,000 | 0.130 | 0.125 | 62 |
| April 2005 | 二零零五年四月 | 980,000 | 0.265 | 0.240 | 248 |
| May 2005 | 二零零五年五月 | 380,000 | 0.260 | 0.238 | 94 |
| June 2005 | 二零零五年六月 | 1,740,000 | 0.240 | 0.220 | 403 |
| | | <u>3,860,000</u> | | | <u>843</u> |

The purchases were made for the benefit of the shareholders as a whole as they enhance the net asset value and/or earnings per share of the Company.

該等購回乃基於全體股東之利益而作出，理由為該等購回提升本公司每股資產淨值及／或每股盈利。

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year.

除上文披露者外，本公司或其任何附屬公司於年內並無買賣或贖回本公司任何上市證券。

DONATIONS

During the year, the Group made charitable and other donations of HK\$29,000.

捐款

本集團於本年度合共作出29,000港元之慈善捐款及其他捐款。

Directors' Report 董事會報告書

CORPORATE GOVERNANCE

In the opinion of the directors of the Company, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The Code of Best Practice has been replaced by the Code on Corporate Governance Practices and Corporate Governance Report (Appendices 14 and 23 to the Listing Rules) with effect from 1st January, 2005. Compliance of the new Code by the Company will be required for accounting periods commencing from 1st July, 2005.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted a code for dealing in the Company's securities by the directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code of the Listing Rules. The Company has made specific enquiries of all directors who confirmed compliance with the required standard set out in the Model Code and the Company Code for the year ended 30th June, 2005.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

The audit committee of the Company comprises four members, Mr. Lo Yun Tai, Mr. Lun Tsan Kau, Mr. Soo Hung Leung, Lincoln and Mr. Lam Ka Wai, Graham, all of whom are independent non-executive directors.

During the year, the audit committee had held two meetings to review the 2004 annual report and accounts and the 2005 interim report and accounts and reported all relevant matters to the board of the directors.

公司管治

董事認為，本公司於整個年度一直遵守上市規則附錄十四所載之最佳應用守則。

由二零零五年一月一日起，最佳應用守則已被企業管治常規守則及企業管治報告（上市規則附錄第14條及第23條）取代。本公司將於由二零零五年七月一日起之會計期間被要求遵守新守則。

本公司證券交易守則

本公司已採納董事進行本公司證券交易守則（「公司守則」），其條款不遜於上市規則標準守則所載之要求標準。本公司已向各董事個別查詢，各董事已確認彼等於截至二零零五年六月三十日止年度一直遵守標準守則及公司守則所載之要求標準。

獨立非執行董事之獨立性

本公司已收到各獨立非執行董事之年度確認，確認彼等根據上市規則第3.13條所載之指引之獨立性。本公司認為所有獨立非執行董事均具獨立身份。

審核委員會

本公司審核委員會為包括四名成員，即盧潤帶先生、倫贊球先生、蘇洪亮先生及林家威先生，彼等均為獨立非執行董事。

年內審核委員會已舉行兩次會議，審閱二零零四年年度報告及賬目及二零零五年中期報告及賬目，並向董事會報告所有相關事宜。

Directors' Report 董事會報告書

The audit committee has reviewed the accounting policy and practices adopted by the Group and the annual report for the year ended 30th June, 2005.

EMOLUMENT POLICIES

The Group's emolument policies are formulated by the remuneration committee on the basis of performance of individual employees.

The Company has established its remuneration committee on 20th April, 2005 which comprises Mr. Hung Kin Sang, Raymond, the Managing Director (Committee Chairman) and two independent non-executive directors, namely Mr. Lo Yun Tai and Mr. Soo Hung Leung, Lincoln. The remuneration Committee would meet at least annually to make recommendations to the board of the directors on the Group's emolument policies including remuneration of the directors and senior management.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 25 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30th June, 2005.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Hung Kin Sang, Raymond
Managing Director

Hong Kong, 13th October, 2005

審核委員會已審閱本集團所採納之會計政策及慣例以及截至二零零五年六月三十日止年度之年度報告。

薪酬政策

本集團之薪酬政策乃由薪酬委員會根據僱員個人工作表現而制定。

本公司已於二零零五年四月二十日成立薪酬委員會，包括董事總經理洪建生先生（委員會主席）及兩名獨立非執行董事盧潤帶先生及蘇洪亮先生。薪酬委員會至少每年舉行一次會議，就包括董事及高層管理人員薪酬在內之本集團薪酬政策，向董事會提出建議。

本公司已採納一項購股權計劃，作為對董事及合資格僱員之獎勵。計劃詳情載於財務報告附註25。

足夠之公眾持股量

於截至二零零五年六月三十日止年度，本公司已維持足夠之公眾持股量。

核數師

本公司將於股東週年大會上提呈一項決議案，續聘德勤•關黃陳方會計師行為本公司之核數師。

代表董事會

董事總經理
洪建生

香港，二零零五年十月十三日