

### BUSINESS SUMMARY

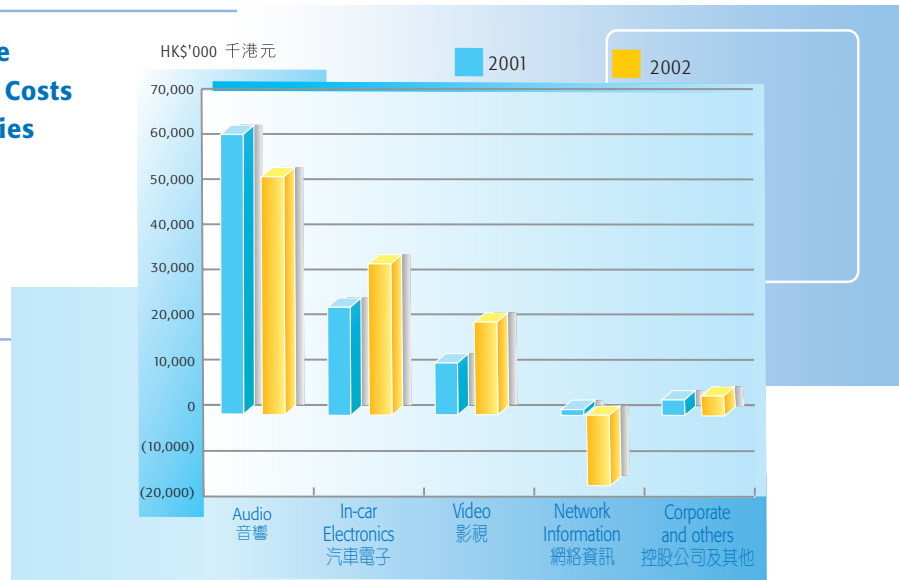
Business for the year under review was encouraging, despite a fragile global economy after the 911 tragedy. For the year ended 31 December 2002, the Group's sales turnover reached an unprecedented level of HK\$4.35 billion, compared to HK\$3.69 billion for the last year. This was mainly attributable to the foundation we have had built in developing advanced products based on digital technology to meet our customers' demands. Such demand was, however, met by a surge in supply in the market, thereby pressuring our profit margins at the same time. Having said that, net margin remained steady as a result of higher operating efficiency and the saving in financial expenses.

### 業務概要

縱使在九一一慘劇後全球經濟疲弱，然而年內本集團之業務仍然取得令人鼓舞的成績。截至二零零二年十二月三十一日止年度，本集團之銷售營業額達4,350,000,000港元之歷年新高，去年同期則為3,690,000,000港元。出現此成績主要建基於我們在發展數碼科技為主的嶄新產品時所建立的基礎，以迎合客戶的需求。然而在此等需求下，市場上有關此等產品的供應亦大增，因此我們的邊際溢利亦同時受壓。有鑑於提升營效運率及節省財務開支，溢利淨額得以維持。

#### Profit Before Corporate Expenses and Finance Costs from Operating Activities

按經營業務劃分之未計  
控股公司開支及財務  
費用溢利



The audio division continued to be the major profit contributor of the Group. Revenues were stable despite falling market prices of the Group's products reflecting increase in units sold. The steady performance showed the recognition of our ODM customers on the quality of our products and the value of research and development added to the products.

音響部門繼續成為本集團主要之溢利來源，即使本集團產品市場價格下跌，但收益仍然穩定，顯示銷售單位增加。穩定的表現亦反映我們的ODM客戶接納我們的產品質素及研發產品之增值功能。

The in-car electronics division made an advance of 8.9% in sales as compared to last year's figure. The growth was driven by the successfully launch of new products and the buoyant. Traditional products also experienced decline in gross margin as the sector remained quite competitive. The division also gained ground on operational efficiency to achieve the remarkable 43% growth in contribution in the year.

汽車電子部門之銷售額亦較去年上升8.9%。此等增長是由成功推出新產品及價格看漲帶動所致。由於此部門之競爭仍然熾熱，故傳統產品之毛利亦下跌。由於此部門之營運效率提升，致使此部門年內之溢利貢獻取得顯著之43%增長。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The video division was characterized by intense competition and low profit margin, but substantial sales growth from HK\$0.87 billion to HK\$1.54 billion in year 2002, an advancement of 77%. The growth was attributable to the higher customer demand from world-renowned ODM customers. With the awareness of severe price competition, the division improved its margins for the year by engineering new solutions and platforms for its products thereby benefiting from lower material costs in the second half of the year.

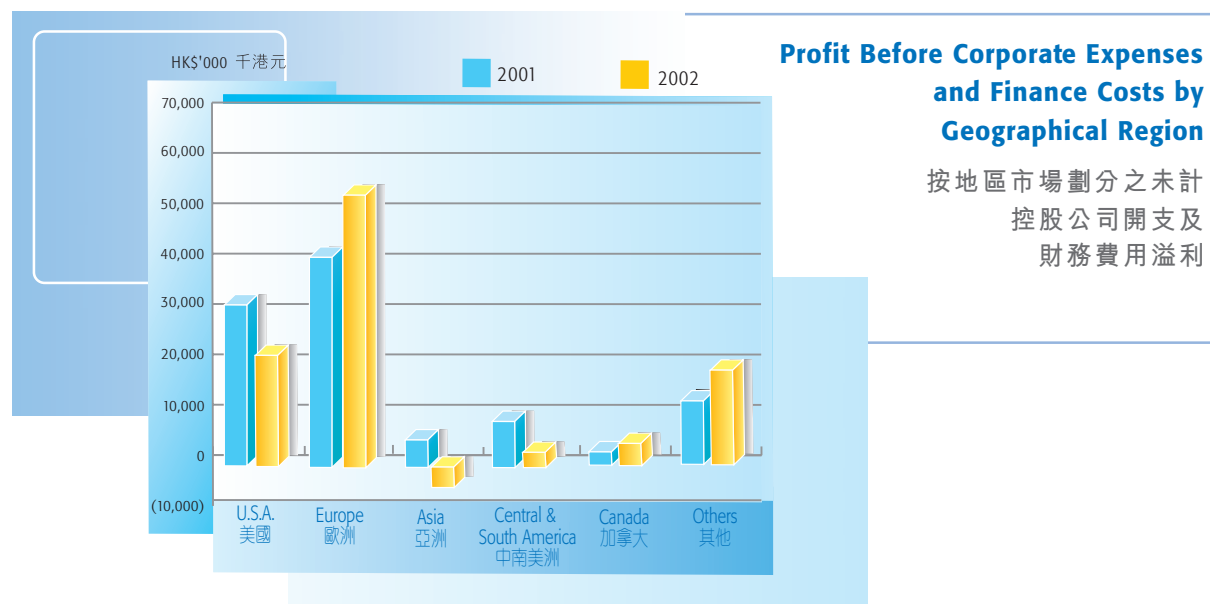
The networking information division encountered a slow down in its market as well as the acceptance for its technology. The management of the division will see short term challenges ahead despite a positive longer term outlook after China joins the WTO. During the year, the division disposed a 51% owned subsidiary and has written off an amount of HK\$7.2 million, being the amount of goodwill in the 51% owned joint venture in Beijing.

The Group's investment in jointly controlled entities and the associate company with Clarion of Japan performed better. The Group has benefited from the expansion of the production facility of the joint venture at Wuxi and also from the improvement of efficiency resulting from the investment in automated production equipments of the joint venture at Nanjing. Both joint ventures reported loss for the year as the full benefit of the expansion has yet been realized.

影視部門競爭激烈，邊際溢利較低，但在二零零二年之銷售額卻取得大幅增長，由870,000,000港元增加至1,540,000,000港元，增幅達77%。出現此等增長乃由於來自全球各地著名的ODM客戶的需求殷切。部門在得悉價格競爭激烈之情況後，亦透過為其產品設計新的解決方案及平台，以改善其截至本年度之溢利，因此部門可在本年度下半年從較低之材料成本中獲益。

此外，網絡資訊部門亦面對著其市場放緩，以及市場接受其技術減慢之情況。即使在中國加入世貿，預期長遠而言將取得正面發展，然而部門之管理層預期在短期內將面對各項挑戰。在年內部門出售其擁有51%之附屬公司，並撇銷其擁有51%權益之北京合營公司之商譽，金額達7,200,000港元。

本集團於共同控制企業及與日本Clarion組成之聯營公司之投資表現理想。本集團亦因位於無錫之合營公司擴充生產設施，以及因投資於南京合營公司自動生產設備以提升工作效能而獲益。由於上述之擴充而獲得之所有利益尚未變現，故此兩家合營公司均錄得截至本年度虧損。



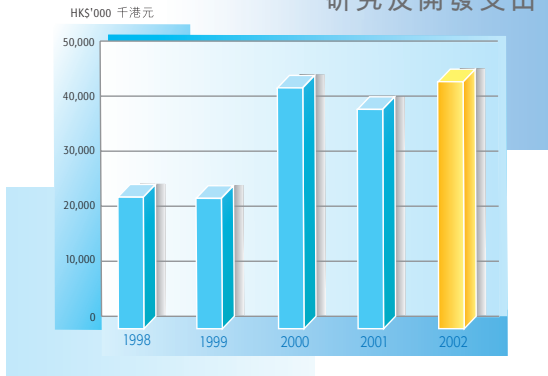
### RESEARCH AND DEVELOPMENT

The results of the year have reinforced the Group's belief that new products delivered by advanced technology would be the dominant force for growth. In year 2002, the Group increased its research and development investment by 12.5% to HK\$45 million. The investment has already yield benefit to the Group's business during the year and is expected to contribute in the coming year.

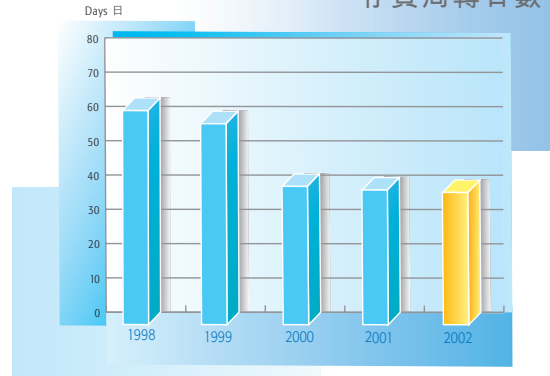
### 研究及開發

本年度取得之業績，更令本集團相信透過新技術推出新產品是帶來業務增長之主要動力。於二零零二年，本集團增加其研究及開發投資12.5%，達45,000,000港元。有關投資已為本集團於本年度之業務帶來利益，預期可於來年繼續獲利。

**R & D Expenditure**  
研究及開發支出



**Inventory Turnover Day**  
存貨周轉日數



### INVENTORY MANAGEMENT

The improvement in inventory cycle was a result of the Group's supply chain management initiative and also a reflection of time-to-market pressure. The Group's inventory turnover period continued to shorten to 39 days, following a downward trend established since year 1998.

### 存貨管理

本集團之存貨周期得以改善，是由於推行供應鏈管理所致，同時亦反映產品上市速度之壓力。本集團自從一九九八年起出現存貨周轉期縮短之情況後，目前已縮減至39日。

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Aside from a positive operating cash flow, the liquidity of the Group was further enhanced with the accomplishment of a HK\$200 million three-year syndicated loan during the year. Part of the proceeds was used to repay the syndicated loan that was drawn down in June 2000. As at 31 December 2002, the net current assets of the Group strengthened to HK\$368 million, an increment of 62.5% as compared with year 2001. The cash and cash equivalent, which were mainly denominated in US dollar and Hong Kong dollar, held at the same date was HK\$275 million. It recorded a 24.5% improvement as compared to 31 December 2001. The new syndicated loan also served to reduce borrowing costs as it had more favorable interest spread than the syndicated loans arranged in the previous years. In addition, with its stronger financial position, the Group successfully negotiated for reduction of the interest spread on normal trading facilities. The finance expense declined by 48% in year 2002.

### 流動現金、財務資源及資本結構

除經營業務現金流入淨額外，本集團在年內透過取得200,000,000港元之三年期銀團貸款，進一步提升其流動現金。部份所得款項已用作償還於二零零零年六月所提取之銀團貸款。於二零零二年十二月三十一日，本集團之流動資產淨值較二零零一年增加62.5%，達368,000,000港元，而於同一日期主要以美元及港元持有之現金及現金等價物達275,000,000港元，較二零零一年十二月三十一日增長24.5%。此外，基於新造銀團貸款之利息較去年安排之銀團貸款更為優惠，借款成本得以降低。另外，鑑於本集團之財政穩健，因此本集團在磋商時成功減低一般貿易貸款之利息，令二零零二年之財務開支減少達48%。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The gearing ratio, calculated by total borrowings from banks and financial institutions net of cash divided by tangible net worth, has remained steady at 8.6% as at 31 December 2002. Apart from the two syndicated loans with a total outstanding of HK\$300 million at the year-end date, the Group has no other long-term debt. Based on the fiscal strength, the Group considers its financial resources adequate to finance future business and its working capital requirements. Business is expected to continue its double digit growth as reflected by the status of the order book.

The contingent liabilities of the Group as at 31 December 2002 was HK\$399 million. It consisted of discounted bills, guarantees given to banks in connection with facilities granted to jointly-controlled entities, a counter indemnity given to the controlling shareholder of an associated company and employee long service payment exposure. The Group did not pledge its assets during the year.

### EXCHANGE EXPOSURE

Sales and purchases of the Group are mostly transacted in US dollar denomination. Through the current Hong Kong/US dollar peg, the Group considered its exchange exposure adequately managed.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2002, the Group had approximately 14,000 employees in the PRC and Hong Kong. The Group remunerated its employees largely based on the prevailing industry practice, performance appraisals and market conditions. Apart from salary, the Group also provided year-end double pay, provident fund and medical insurance. Certain employees were rewarded discretionary bonus.

資本負債比率乃按銀行及財務機構借款總額（扣除現金）除以有形資產淨值計算，於二零零二年十二月三十一日保持穩定之8.6%。除於年終合共300,000,000港元之兩筆尚未償還銀團貸款外，本集團並無其他長期負債。由於本集團之財務基礎雄厚，因此認為其充裕之財務資源足以應付日後之業務及營運資本所需。從訂單記錄的情況顯示，預期業務可繼續取得雙位數字增長。

截至二零零二年十二月三十一日本集團之或然負債達399,000,000港元，包括折讓票據、就共同控制企業獲批信貸而向銀行提供擔保、向聯營公司控權股東提供之相互賠償保證及支付僱員長期服務金之風險。在年內本集團並無抵押其資產。

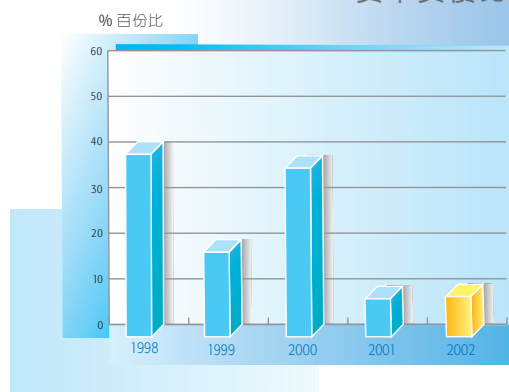
### 匯兌風險

本集團之銷售及購買主要以美元計算。由於目前港元與美元掛鈎，故本集團認為其有足夠能力管理匯兌風險。

### 僱員及酬金政策

於二零零二年十二月三十一日，本集團於中國及香港聘用約14,000名僱員。本集團主要按現行業內慣例、表現評級及市場情況向僱員支付酬金。除薪金外本集團亦提供年終雙糧、強積金及醫療保險，若干僱員亦獲享酌情花紅。

**Gearing Ratio**  
資本負債比率



**Shareholder's Fund**  
股東資金

