

# Report of the Directors

## 董事會報告書

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2003.

### Share listing

The Company was incorporated in Hong Kong with limited liability on 5 May 1987. On 4 July 2003, dealing in shares of the Company commenced on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

### Principal activities

The principal activities of the Company are the manufacture and sales of electronic components. The principal activity and other particulars of the subsidiary is set out in note 14 on the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiary (the "Group") during the financial year are set out in note 12 on the financial statements.

### Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總和
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總和

董事會仝人謹將截至二零零三年十二月三十一日止的年報及經審核財務報表呈覽。

### 股份上市

本公司於一九八七年五月五日在香港註冊成立為一間有限公司。於二零零三年七月四日，本公司股份開始於香港聯合交易所有限公司（「香港聯交所」）主板進行買賣。

### 主要業務

本公司之主要業務為製造及銷售電子元件。附屬公司之主要業務及其他詳情載於財務報表附註14。

本財政年度內本公司及其附屬公司（「本集團」）按主要業務及經營地區之分析載列於財務報表附註12。

### 主要客戶及供應商

於本財政年度內，有關各主要客戶及供應商分別應佔本集團銷售額及購貨額之資料如下：

#### Percentage of the Group's total 佔本集團總額百分比

Sales	Purchases
銷售	購貨

24%	
61%	
	23%
	49%

Kwang Sung Electronics Co., Ltd. (“Kwang Sung Korea”), which is a major shareholder of the Company and beneficially owned by certain directors and their associates, is one of the five largest customers and suppliers of the Group. Further details are set out in the sections “Directors’ interests in contracts” and “Connected transactions” in the directors’ report.

Save as disclosed above, at no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company’s share capital) had any interest in these major customers and suppliers.

### Financial statements

The profit of the Group for the year ended 31 December 2003 and the state of the Company’s and the Group’s affairs as at that date are set out in the financial statements on pages 54 to 107.

A special dividend of HK\$5,469,000 (2002: HK\$24,560,000) was paid on 6 June 2003 to the then shareholders of the Company prior to the listing of the Company’s shares on the Main Board of the SEHK. The directors now recommend the payment of a final dividend of HK\$0.055 per share (2002: HK\$Nil) in respect of the year ended 31 December 2003.

### Reserves

Details of movements in reserves of the Company and the Group during the year are set out in note 24 on the financial statements.

### Fixed assets

Details of movements in fixed assets during the year are set out in note 13 on the financial statements.

株式會社光星電子(「韓國光星」)是本公司的主要股東，由若干董事及彼等之聯繫人士實益擁有，並為本集團之五大客戶及五大供應商之一。有關詳情載於董事會報告書內「董事在合約的利益」及「關連交易」各節。

除上文披露者外，於年內任何時間，各董事、彼等之聯繫人士或本公司之任何股東(據董事所知，擁有本公司已發行股本5%以上者)，並無擁有該等主要客戶及供應商之權益。

### 財務報表

本集團截至二零零三年十二月三十一日止年度之溢利以及於該日期本公司及本集團之財政狀況載於第54至107頁之財務報表內。

在本公司股份在香港聯交所主板上市之前，本公司於二零零三年六月六日向本公司當時之股東派發5,469,000港元之特別股息(二零零二年：24,560,000港元)。董事現建議就截至二零零三年十二月三十一日止年度派發末期股息每股0.055港元(二零零二年：零港元)。

### 儲備

年內本公司及本集團儲備之變動詳情載於財務報表附註24。

### 固定資產

固定資產之變動詳情載於財務報表附註13。

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### Share capital

Details of movements in share capital of the Company during the year, together with the reasons therefor, are set out in note 23 on the financial statements.

### Directors

The directors during the financial year were:

#### *Executive directors*

Mr. Yang Jai Sung (Chairman)  
Mr. Kim Sun Cheol  
Mr. Lee Byung Kwan

#### *Non-executive director*

Mr. Yang Ho Sung

#### *Independent non-executive directors*

Dr. Kim Chung Kweon  
Dr. Han Byung Joon

In accordance with article 101 of the Company's articles of association, Mr. Kim Sun Cheol retires from the board by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

### Directors' service contracts

The independent non-executive directors were appointed by the board of directors on 11 October 2002 for a term of two years commencing on 11 October 2002. Their remuneration is determined by the board of directors on the anniversary of the date of their appointment.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or its subsidiary within one year without payment of compensation, other than normal statutory obligations.

### 股本

年內本公司股本之變動詳情以及有關原因載於財務報表附註23。

### 董事

本財政年度內之董事如下：

#### *執行董事*

梁在星先生(主席)  
金善哲先生  
李炳寬先生

#### *非執行董事*

梁皓星先生

#### *獨立非執行董事*

金正權博士  
韓丙濬博士

根據本公司的組織章程細則第101條，金善哲先生將於即將召開之股東週年大會輪值告退，惟願膺選連任。

### 董事服務合約

各獨立非執行董事於二零零二年十月十一日獲董事會委任，任期由二零零二年十月十一日起為期兩年。彼等之薪酬乃董事會於彼等獲委任日期之一周年時釐定。

建議於即將召開之股東週年大會中連任之董事概無訂立本公司或其附屬公司於一年內不可在無需賠償(一般法定賠償除外)之情況下終止之尚未屆滿服務合約。

## Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

The interests and short positions of the directors and chief executive of the Company, who held office at 31 December 2003, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (collectively "discloseable interests") were as follows:

(i) Interests in issued shares

## 董事及主要行政人員於股份、相關股份及債券之權益及空倉

於二零零三年十二月三十一日之在職董事及行政總裁在本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第十五部)之股份、相關股份及公司債券中，擁有下列根據證券及期貨條例第十五部第7及8分部規定須知會本公司及香港聯交所之權益及空倉(包括根據證券及期貨條例有關規定，彼等被視為或認為擁有之權益或空倉)，或根據證券及期貨條例第352條規定須記錄於該條例所述之登記冊內之權益或空倉，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯交所之權益或空倉(統稱「須予披露權益」)：

(i) 已發行股份權益

### Ordinary shares of HK\$0.1 each

每股面值0.1港元之普通股

	Beneficial owner 實益擁有人	Interest of controlled corporations 受控制法團之權益	Equity derivatives (note 2) 股本衍生工具(附註2)	Total number of shares held 持有之股份總數	% of total issued shares 佔已發行股份總數%
The Company 本公司					
- Mr. Yang Jai Sung - 梁在星先生	112,286,057	97,713,943 (note 1)(附註1)	-	210,000,000	67.0%
- Mr. Kim Sun Cheol - 金善哲先生	-	-	1,000,000	1,000,000	0.3%
- Mr. Lee Byung Kwan - 李炳寬先生	-	-	1,000,000	1,000,000	0.3%

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### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (continued)

#### (i) Interests in issued shares (continued)

Notes:

- (1) Mr. Yang Jai Sung and his relatives are interested in 79.5% of the issued share capital of Kwang Sung Korea and therefore Mr. Yang Jai Sung is deemed or taken to be interested in these ordinary shares which are beneficially owned by Kwang Sung Korea for the purpose of the SFO.
- (2) These represented interests of options granted to directors under the share option scheme to subscribe for shares of the Company. Further details are set out in the section "Share option scheme" below.

#### (ii) Interests in underlying shares

The directors and chief executive of the Company have been granted options under the Company's share option scheme, details of which are set out in the section "Share option scheme" below.

Save as disclosed above, at 31 December 2003, none of the directors and chief executive of the Company or any of their spouses or children under eighteen years of age had any discloseable interests.

### 董事及主要行政人員於股份、相關股份及債券之權益及空倉 (續)

#### (i) 已發行股份權益 (續)

附註：

- (1) 由於梁在星先生及其親屬擁有韓國光星已發行股本之79.5%權益，故此就證券及期貨條例而言，梁在星先生被視為或被認為擁有韓國光星實益擁有之該等股份之權益。
- (2) 該等權益指根據購股權計劃授予董事認購本公司股份之購股權權益，進一步詳情載於下文「購股權計劃」一節。

#### (ii) 相關股份權益

根據本公司之購股權計劃，本公司之董事及行政總裁已獲授予購股權，有關詳情載於下文「購股權計劃」一節。

除上文披露者外，於二零零三年十二月三十一日，概無本公司之董事及行政總裁或彼等之配偶或十八歲以下子女擁有任何須予披露權益。

## Share option scheme

The Company has a share option scheme which was adopted on 16 June 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any Company in the Group, advisors and consultants to take up options to subscribe for shares of the Company. The purpose of this scheme is to provide incentives and rewards to employees and eligible persons for their contributions to the Group. The share option scheme shall be valid and effective for a period of ten years ending on 15 June 2013, after which no further options can be granted. The exercise price of options is the highest of (i) the nominal value of the shares; (ii) the closing price of the shares on the SEHK on the date of grant; and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest after one year from the date of grant and are exercisable for a period to be notified by the board to each option-holder upon the grant of option, such period not to exceed ten years from the date of grant.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme shall not exceed 30% of the issued share capital of the Company from time to time. Subject always to the above overall limit, the directors may grant options under the share option scheme, generally and without further authority, in respect of such number of shares which may be issued upon exercise of all options to be granted under the share option scheme not exceeding 10% of the issued share capital of the Company as at 4 July 2003, being the date on which the Company's shares were listed on the Main Board of the SEHK. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

## 購股權計劃

本公司已於二零零三年六月十六日採納一項購股權計劃，據此，本公司之董事獲授權酌情向本集團之僱員（包括本集團任何公司之董事）、顧問及諮詢人提出接納可認購本公司股份之購股權之要約。計劃旨在向為本集團作出貢獻之僱員及合資格人士提供獎勵及報酬。購股權計劃將於截至二零一三年六月十五日止十年內一直有效及生效，其後將不得再授出任何購股權。購股權之行使價為下列三項之較高者：(i)股份之面值；(ii)於授出日期股份於香港聯交所之收市價；及(iii)於緊接授出日期前五個營業日股份於香港聯交所之平均收市價。購股權於授出日期起計一年後生效，並可在董事會授出購股權時通知各購股權持有人之期間行使，惟該等期間不可超出授出日期起計十年。

於行使所有根據購股權計劃已授出惟未行使購股權時可能發行之股份總數量最多不得超過本公司不時已發行股本之30%。在一直遵守以上總限額之情況下，董事會可在一般及不再有進一步授權情況下授出購股權，所涉股份數目為於行使根據購股權計劃之所有購股權時可能發行之股數，其不超過本公司於二零零三年七月四日（即本公司股份在香港聯交所主板上市之日期）已發行股本之10%。就計算上述股份數目而言，根據購股權計劃而失效之購股權將不在計算之列。

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### Share option scheme (continued)

The total number of ordinary shares available for issue under the share option scheme as at 31 December 2003 was 30,000,000 shares (including options for 20,900,000 shares that have been granted but not yet lapsed or exercised) which represented 9.58% of the issued share capital of the Company at 31 December 2003. In respect of the maximum entitlement of each participant under the scheme, the total number of ordinary shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Company's ordinary shares in issue, unless approved by the shareholders in general meeting.

At 31 December 2003, the directors and employees of the Group and certain eligible persons had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2003 is HK\$1.33) granted at nominal consideration under the share option scheme of the Company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

### 購股權計劃(續)

於二零零三年十二月三十一日，購股權計劃下可供發行之普通股總數為30,000,000股股份(包括已授出但仍未失效或行使可認購20,900,000股股份之購股權)，相當於二零零三年十二月三十一日本公司已發行股本之9.58%。就每一名參與者於計劃下可獲之最高配額，每名參與者於任何十二個月期間因行使購股權(包括已行使、註銷及尚未行使之購股權)已獲發行及將獲發行之普通股總數，不得超過本公司已發行普通股之1%，除非獲股東在股東大會上批准則作別論。

於二零零三年十二月三十一日，本集團董事及僱員及部分合資格人士於根據本公司購股權計劃以象徵式代價授出可認購本公司股份(於二零零三年十二月三十一日每股市值為1.33港元)之購股權中，持有以下權益。購股權並無上市。每份購股權賦與持有人權利認購本公司每股面值0.1港元之普通股一股。

## Share option scheme (continued)

## 購股權計劃(續)

	No. of options granted on 7 July 2003 於二零零三年 七月七日 授出之 購股權數目	No. of options outstanding at the year end 年終時 未行使之 購股權數目	Period during which options are exercisable 購股權可予 行使期間	Exercise price per share 每股行使價	Market value per share at date of grant 於授出日期之 每股市價
<b>Directors</b>					
<b>董事</b>					
- Mr. Kim Sun Cheol - 金善哲先生	1,000,000	1,000,000	1 July 2004 to 30 June 2008 二零零四年七月 一日至二零零八 年六月三十日	HK\$1.294 1.294港元	HK\$1.25 1.25港元
- Mr. Lee Byung Kwan - 李炳寬先生	1,000,000	1,000,000	1 July 2004 to 30 June 2008 二零零四年七月 一日至二零零八 年六月三十日	HK\$1.294 1.294港元	HK\$1.25 1.25港元
<b>Employees</b>	10,000,000	10,000,000	1 July 2004 to 30 June 2008 二零零四年七月 一日至二零零八 年六月三十日	HK\$1.294 1.294港元	HK\$1.25 1.25港元
<b>Other eligible persons</b>	8,900,000	8,900,000	1 July 2004 to 30 June 2008 二零零四年七月 一日至二零零八 年六月三十日	HK\$1.294 1.294港元	HK\$1.25 1.25港元

Notes:

附註：

(1) The options granted to the directors are registered under the names of the directors who are also the beneficial owners.

(1) 授予董事之購股權乃以董事之姓名登記，而彼等亦為實益擁有人。



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### Share option scheme (continued)

(2) The maximum percentage of the share options being exercisable is determined in stages as follows:

On or after 1st year anniversary (or 1 July 2004)	30%
於一周年(或二零零四年七月一日)當日或之後	30%
On or after 2nd year anniversary (or 1 July 2005)	another 30%
於兩周年(或二零零五年七月一日)當日或之後	另外30%
On or after 3rd year anniversary (or 1 July 2006)	another 40%
於三周年(或二零零六年七月一日)當日或之後	另外40%

The share options granted are not recognised in the financial statements until they are exercised. The weighted average value per option granted in 2003 estimated at the date of grant using the Black-Scholes pricing model was HK\$0.32. The weighted average assumptions used are as follows:

Risk-free interest rate	無風險利率	2.7%	
Expected life	預計年期	5 years	5年
Annualised volatility	全年波幅	40.7%	
Expected dividend per share	預計每股股息	HK\$0.083	0.083港元

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Apart from the foregoing, at no time during the year was the Company and its subsidiary a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### 購股權計劃(續)

(2) 按階段劃分購股權可予行使之最高百分比如下：

	30%
	30%
	another 30%
	另外30%
	another 40%
	另外40%

授出之購股權於行使時方會在財務報表確認。按布力克－舒爾茨期權定價模式估計於二零零三年授出之購股權於授出當日之加權平均價值為0.32港元。所使用之加權平均假設值如下：

	2.7%	
	5 years	5年
	40.7%	
	HK\$0.083	0.083港元

布力克－舒爾茨期權定價模式是用來估計無權益歸屬期限限制及可完全轉讓之買賣期權之公允價值。此外，該期權定價模式需要作出極為主觀之假設(包括預計股價波幅)。由於本公司之購股權特性與買賣期權截然不同，且各項主觀假設之變化均會對估計購股權之公允價值構成嚴重影響，故布力克－舒爾茨期權定價模式不一定能可靠地計算購股權之公允價值。

除上述者外，本公司及其附屬公司概無於本年度內任何時間訂立任何安排，致使本公司董事或其任何配偶或未滿十八歲之子女可藉購入本公司或任何其他法人團體之股份或債券而取得利益。

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

## 主要股東及其他人士於股份及相關股份之權益及空倉

The Company has been notified of the following interests in the Company's issued shares at 31 December 2003 amounting to 5% or more of the ordinary shares in issue:

於二零零三年十二月三十一日，本公司已得悉有下列佔本公司已發行普通股5%或以上之權益：

### Ordinary shares of HK\$0.1 each

每股面值0.1港元之普通股

	Beneficial owner 實益擁有人	Interest of controlled corporations 受控制法團之權益	Interest of spouse 配偶之權益	Total number of shares held 持有之股份總數	% of total issued shares 佔已發行股份總數%
Mr. Yang Jai Sung 梁在星先生	112,286,057	97,713,943	–	210,000,000	67.0%
Madam Kang Mi Young 姜美英女士	–	–	210,000,000 (note 1)(附註1)	210,000,000	67.0%
Kwang Sung Korea 韓國光星	97,713,943	–	–	97,713,943	31.2%
Emerging Markets Management, L.L.C.	18,730,000	–	–	18,730,000	6.0%
Arisaig Greater China Fund ("Arisaig")	15,702,000	–	–	15,702,000	5.0%
Arisaig Partners (Mauritius) Limited (note 2)(附註2)	–	15,702,000	–	15,702,000	5.0%
Lindsay William Ernest Cooper (note 3)(附註3)	–	15,702,000	–	15,702,000	5.0%

Notes:

附註：

(1) Madam Kang Mi Young is the wife of Mr. Yang Jai Sung and is deemed to be interested in these ordinary shares in which Mr. Yang Jai Sung is deemed or taken to be interested for the purpose of the SFO.

(1) 姜美英女士為梁在星先生之妻子，就證券及期貨條例而言，彼被視為擁有梁在星先生被視為或被認為擁有權益之該等普通股之權益。

# Report of the Directors

## 董事會報告書

### Substantial shareholders' and other persons' interests and short positions in shares and underlying shares (continued)

- (2) These ordinary shares are held by Arisaig Partners (Mauritius) Limited ("Arisaig Partners") in the capacity of investment manager of Arisaig, which are duplicated by those held by Arisaig.
- (3) Mr. Cooper is deemed or taken to be interested in these ordinary shares through his indirect 100% interest in Arisaig Partners. These interests are duplicated by those disclosed in note 2 above.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

### Directors' interests in contracts

Kwang Sung Korea is a major shareholder of the Company and one of the Company's five largest customers and suppliers. Mr. Yang Jai Sung and his relatives, and Mr. Kim Sun Cheol were interested in these arrangements as a shareholder holding 79.5% and 5.7% interest respectively in the share capital of Kwang Sung Korea.

Apart from the foregoing and the related party transactions as disclosed in note 26 to the financial statements, no contract of significance to which the Company, and its subsidiary was a party, 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.

### 主要股東及其他人士於股份及相關股份之權益及空倉 (續)

- (2) 該等普通股由 Arisaig Partners (Mauritius) Limited (「Arisaig Partners」) 以 Arisaig 之投資經理之身份持有，並與 Arisaig 所持有之普通股屬同一批。
- (3) Cooper 先生透過彼於 Arisaig Partners 持有之 100% 間接權益而被視為或被認為擁有該等普通股之權益。該等權益與上文附註 2 所披露者屬同一批。

除上文所披露者外，本公司並無得悉有其他需要記錄於依照證券及期貨條例第 336 條存置之登記冊內之權益。

### 董事在合約的利益

韓國光星是本公司之主要股東，並為本公司五大客戶及五大供應商之一。梁在星先生及其親屬以及金善哲先生因作為分別持有韓國光星股本 79.5% 及 5.7% 權益之韓國光星股東，而於該等安排中佔有權益。

除上文所述根據財務報表附註 26 所披露之關連人士交易外，於本年度結束時或於本年度內任何時間，本公司及其附屬公司並無訂立任何重大且本公司董事於當中直接或間接擁有重大權益之合約。

## Directors' interests in competing business

Mr. Yang Jai Sung and Mr. Kim Sun Cheol are both shareholders and directors of Kwang Sung Korea, whose businesses compete or are likely to compete, directly or indirectly, with the Group's businesses. The principal businesses of Kwang Sung Korea are as follows:

- (1) Research, design and product development of electronic components and related products and manufacturing of electronic components for electronic appliances and communication equipment through the factory operated by Kwang Sung Korea (the "KSK Factory") exclusively for orders placed directly with Kwang Sung Korea and to be sold in the Korean market but subject to the terms and limited to the scope as set out in the Deed of Undertaking and the Research and Development Service Agreement.
- (2) Sales, marketing, purchasing and distribution of electronic components for electronic appliances and communication equipment, but subject to the terms and limited to the scope as set out in the Deed of Undertaking and the Commission Agreement.

In relation to the listing of the Company's shares on the Main Board of the SEHK, each of Kwang Sung Korea, KS-Tech Group Corporation, a wholly-owned subsidiary of Kwang Sung Korea, and Mr. Yang Jai Sung has entered into the Deed of Undertaking in favour of the Group to the effect that for so long as Kwang Sung Korea and/or any of its subsidiaries, Mr. Yang Jai Sung and/or the companies controlled by Mr. Yang Jai Sung are beneficially interested, directly and indirectly, whether individually or taken together, in 20% or more of the issued share capital of the Company, Kwang Sung Korea and Mr. Yang Jai Sung will not, and Kwang Sung Korea and Mr. Yang Jai Sung will procure that none of its subsidiaries (other than the Group) and the companies controlled by him (other than the Group), respectively, will engage or otherwise be involved in any business which competes or is likely to compete, either directly or indirectly, with any of the businesses carried out by any member of the Group from time to time (the "Restricted Business") in any of the regions in which the Group is engaged in and undertakes the Restricted Business (such regions include Korea and the People's Republic of China ("PRC"), including Hong Kong).

## 董事於競爭性業務之權益

梁在星先生及金善哲先生均為韓國光星之股東兼董事，而韓國光星之業務會或可能會對本集團業務構成直接或間接競爭。韓國光星之主要業務如下：

- (1) 研究、設計及產品開發電子元件及相關產品，並透過韓國光星經營之工廠（「韓國光星工廠」），替直接向韓國光星落單之獨家訂單，製造電器及通訊設備之電子元件，及於韓國市場出售，惟須遵守承諾契據及研發服務協議之條款及受所載之範疇限制。
- (2) 銷售、市場推廣、購買及分銷電器及通訊設備之電子元件，惟受承諾契據及委託協議之條款及範圍所規限。

韓國光星、KS-Tech Group Corporation（韓國光星之全資附屬公司）及梁在星先生已各自為本集團之利益，就股份於香港聯交所主板上市訂立承諾契據，只要韓國光星及／或其任何附屬公司、梁在星先生及／或由梁在星先生控制之公司直接或間接（不論個人或共同）實益擁有本公司已發行股本之20%或以上，則韓國光星及梁在星先生將不會，並將分別促使其附屬公司（本集團除外）及由其控制之公司（本集團除外）不會從事或以其他方式參與任何業務，而該等業務與本集團經營及從事本集團任何成員公司不時進行之業務（「受限制業務」）之任何地區（包括韓國及中華人民共和國（「中國」）（包括香港））內之任何受限制業務直接或間接構成或很可能構成競爭。

# Report of the Directors

## 董事會報告書

### Directors' interests in competing business (continued)

Kwang Sung Korea has agreed to first refer all customers' orders for the production of electronic components received by Kwang Sung Korea from its customers (subject to certain conditions) and the results and/or products developed by the product design and research and development departments of Kwang Sung Korea and the KSK Factory and/or any intellectual property right in or arising from such results and/or products to the Group on terms in accordance with the Deed of Undertaking, the Commission Agreement and the Research and Development Service Agreement, respectively.

The transactions with Kwang Sung Korea are set out in the paragraph headed "Connected transactions". There has not been any subsequent change of directors' interests in any competing business which was previously disclosed in the Company's prospectus dated 24 June 2003 (the "Prospectus").

### Connected transactions

During the year, the Group entered into the following transactions with Kwang Sung Korea, which constituted connected transactions as defined in the Rules Governing the Listing of Securities on the Main Board of the SEHK ("Main Board Listing Rules").

- (1) In the ordinary course of business, the Group sold electronic components to Kwang Sung Korea for resale to the ultimate customers; the Group also sourced certain raw materials necessary for production from Kwang Sung Korea. These transactions were entered into on normal commercial terms and on prices and terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2003, sales of electronic components to Kwang Sung Korea amounted to approximately HK\$53,475,000 (2002: HK\$29,581,000) and purchases of raw materials from Kwang Sung Korea amounted to approximately HK\$54,673,000 (2002: HK\$54,850,000).

### 董事於競爭性業務之權益 (續)

韓國光星已同意，首先分別根據承諾契據、委託協議及研發服務協議之條款，向本集團轉介韓國光星從其客戶接獲生產電子元件之所有客戶訂單(受若干條件所規限)，及由韓國光星之產品設計及研究與開發部及韓國光星工廠開發之成果及／或產品及／或於或由該等成果及／或產品而產生之任何知識產權。

與韓國光星之交易詳情載於「關連交易」一段。早前於本公司在二零零三年六月二十四日刊發之招股章程(「招股章程」)內披露之董事於競爭業務之權益，其後並無任何轉變。

### 關連交易

年內，本集團與韓國光星進行下列交易，該等交易構成香港聯交所主板證券上市規則(「主板上市規則」)所界定之關連交易。

- (1) 本集團於日常業務過程中向韓國光星出售電子元件，以供轉售予最終客戶。本集團亦向韓國光星購買部分生產所需原料。該等交易乃按正常商業條款及根據可與現行市場價格或慣例比較之價格及條款進行。

於截至二零零三年十二月三十一日止年度，向韓國光星銷售電子元件之銷售額約為53,475,000港元(二零零二年：29,581,000港元)；而向韓國光星採購原料之金額約為54,673,000港元(二零零二年：54,850,000港元)。

### Connected transactions (continued)

- (2) Pursuant to a Commission Agreement, Kwang Sung Korea referred a number of customers to the Group. These customers place orders directly with the Group and upon completion of the production, the Group sold the electronic components to the customers directly. The Group paid Kwang Sung Korea a referral commission which represents not more than 3% of the total sales to these customers. The referral commission rate was comparable to the referral commission rates payable by the Group to independent third parties and was on terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2003, referral commission paid/payable by the Group to Kwang Sung Korea amounted to approximately HK\$9,148,000 (2002: HK\$7,317,000).

- (3) Pursuant to a Research and Development Service Agreement, Kwang Sung Korea provided research and development and product design services to the Group. The Group paid Kwang Sung Korea a research and development and technical support fee which represents not more than 3% of the Group's total turnover. The terms of such engagement were on normal commercial terms and were on terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2003, research and development and technical support fee paid/payable by the Group to Kwang Sung Korea amounted to approximately HK\$9,511,000 (2002: HK\$5,648,000).

The Company has been granted a conditional waiver by the SEHK from strict compliance with the Main Board Listing Rules in respect of the above connected transactions for the three financial years ending 31 December 2005.

### 關連交易 (續)

- (2) 根據委託協議，韓國光星已轉介若干客戶至本集團，此等客戶直接向本集團落單，待生產完成後，本集團直接向該等客戶銷售電子元件。本集團已支付轉介佣金予韓國光星，金額不多於銷售予該等客戶之總銷售額之3%。轉介佣金與本集團向獨立第三者支付之轉介佣金相若，並根據與現時市場價格或慣例相若之條款釐定。

於截至二零零三年十二月三十一日止年度，本集團已付／應付予韓國光星之轉介佣金約為9,148,000港元（二零零二年：7,317,000港元）。

- (3) 根據研發服務協議，韓國光星向本集團提供研究與開發及產品設計服務。本集團向韓國光星支付之研究與開發及技術支援費用，金額不多於本集團總營業額之3%。該協定乃按正常商業條款，並根據與現時市場價格或慣例相若之條款釐定。

於截至二零零三年十二月三十一日止年度，本集團已付／應付予韓國光星之研究與開發及技術支援費用約為9,511,000港元（二零零二年：5,648,000港元）。

本公司已獲香港聯交所授予有條件豁免，豁免需就截至二零零五年十二月三十一日止三個財政年度之上述關連交易嚴格遵守主板上市規則之規定。

# Report of the Directors

## 董事會報告書

### Connected transactions (continued)

The directors, including the independent non-executive directors, of the Company have reviewed the connected transactions and confirmed that:

- (1) the connected transactions were:
  - (i) entered into by the Group in its ordinary and usual course of business;
  - (ii) entered into by the Group either on normal commercial terms (to the extent that there are comparable transactions), or, where there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms not less favourable to the Group than those available to or from (as appropriate) independent third parties; and
  - (iii) on terms that are fair and reasonable and in the interests of independent shareholders of the Company as a whole.
- (2) the connected transactions entered into during the year ended 31 December 2003 have been conducted such that the aggregate amount for each type of the transactions has not exceeded the respective caps set out below:

### 關連交易 (續)

本公司董事(包括獨立非執行董事)已審閱關連交易，並確認：

- (1) 關連交易屬：
  - (i) 本集團於日常及一般業務過程中訂立；
  - (ii) 本集團按照正常商業條款(只限有可供比較之交易而言)，或倘若並無足夠之可供比較交易判斷是否按正常商業條款訂立，則按照不遜於本集團給予或自獨立第三者取得(如適用)之條款訂立；及
  - (iii) 按照公平合理及符合本公司獨立股東整體利益之條款。
- (2) 於截至二零零三年十二月三十一日止年度內進行之關連交易，其金額並無超出下列各類交易之上限：

**Connected transactions (continued)****關連交易 (續)****The transactions**  
交易**Annual cap on the aggregate value of transactions**  
交易總額之每年上限

- |  |  |
|--|--|
| (i) Sales of electronic components by the Group to Kwang Sung Korea<br>出售產品予韓國光星   | 15% of the Group's turnover for the year<br>本集團當年營業總額之15%                      |
| (ii) Purchases of raw materials by the Group from Kwang Sung Korea<br>本集團向韓國光星購買原材料  | 30% of the Group's purchases of raw materials for the year<br>本集團當年採購原材料總額之30% |
| (iii) Commission paid/payable to Kwang Sung Korea by the Group for the referral of sales orders of Korean customers<br>本集團就獲轉介韓國客戶之銷售訂單已付／應付予韓國光星之佣金 | 3% of the Group's turnover for the year<br>本集團當年營業總額之3%                        |
| (iv) Commission paid/payable to Kwang Sung Korea by the Group for the referral of sales orders of other customers<br>本集團就獲轉介其他客戶之銷售訂單已付／應付予韓國光星之佣金   | 3% of the Group's turnover for the year<br>本集團當年營業總額之3%                        |
| (v) Research and development and technical support fee paid/payable by the Group to Kwang Sung Korea<br>本集團已付／應付予韓國光星之研發及技術支援費用                      | 3% of the Group's turnover for the year<br>本集團當年營業總額之3%                        |

**Retirement schemes****退休計劃**

Details of the retirement schemes operated or participated by the Group are set out in note 21 on the financial statements.

有關本集團設立或參與之退休計劃之詳情，載於財務報表附註21。



# Report of the Directors

## 董事會報告書

### Application of proceeds from capital arising

The Group raised HK\$83,530,000, net of related expenses from the issue of 73,300,000 new shares of the Company at HK\$1.3 per share during the year. The Company's shares were successfully listed on the Main Board of the SEHK with effect from 4 July 2003. As at 31 December 2003, the Group has applied part of the proceeds amounting to HK\$47,769,000 for the following purposes:

- (i) HK\$16,193,000 for the upgrading of production facilities, the expansion of production capacity and research and development capability in the PRC;
- (ii) HK\$3,046,000 for the setting up of a research and development centre in Korea; and
- (iii) HK\$28,530,000 as working capital of the Group.

Consistent with the disclosure in the Prospectus, the Group intends to apply the remaining proceeds of HK\$35,761,000 for the following purposes:

- (i) HK\$3,807,000 for the upgrading of production facilities, the expansion of production capacity and research and development capability in the PRC;
- (ii) HK\$11,954,000 for the setting up of a research and development centre in Korea; and
- (iii) HK\$20,000,000 for the future acquisitions which will create synergies for the Group's existing electronic components business.

The remaining net proceeds from the issue of new shares are currently placed on short term deposits with banks in Hong Kong.

### 股本集資所得款項之應用情況

本集團於年內以每股1.3港元之價格發行73,300,000股本公司新股，經扣除有關開支後，共籌得83,530,000港元。本公司之股份自二零零三年七月四日起在香港聯交所主板上市。於二零零三年十二月三十一日，本公司已將部分所得款項為數47,769,000港元用作下列用途：

- (i) 16,193,000港元用以提升中國之生產設施、加強生產能力及研究與開發能力；
- (ii) 3,046,000港元用以於韓國設立一個研究與開發中心；及
- (iii) 28,530,000港元用作本集團之營運資金。

正如招股章程所披露，本集團擬將其餘所得款項35,761,000港元用作如下用途：

- (i) 3,807,000港元用以提升中國之生產設施、加強生產能力及研究與開發能力；
- (ii) 11,954,000港元用以於韓國設立一個研究與開發中心；及
- (iii) 20,000,000港元用以未來收購可與本集團現有電子元件業務產生協同效益之項目。

發行新股之餘下所得款項淨額現正存放於香港之銀行作為短期存款。

## Summary of financial information

The following is a summary of the consolidated results and assets and liabilities of the Group for each of the four years ended 31 December 2003.

## 財務摘要

以下為本集團截至二零零三年十二月三十一日止四個年度各年之綜合業績及資產與負債概要。

		Year ended 31 December 截至十二月三十一日止年度			
		2000	2001	2002	2003
		二零零零年	二零零一年	二零零二年	二零零三年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(Note 1)	(Note 1)	(Note 1)	(Note 1)
		(附註1)	(附註1)	(附註1)	(附註1)
<b>Results</b>	<b>業績</b>				
Turnover	營業額	279,190	285,138	396,955	541,809
Profit from operations	經營溢利	31,123	35,415	68,943	83,916
Finance costs	融資成本	(1,837)	(828)	(281)	(31)
Profit from ordinary activities before taxation	除稅前正常業務溢利	29,286	34,587	68,662	83,885
Income tax	所得稅	(2,430)	(2,484)	(5,517)	(7,840)
Profit attributable to shareholders	股東應佔溢利	26,856	32,103	63,145	76,045
Dividends	股息	–	–	24,560	22,701
Basic earnings per share – HK cents (Note 2)	基本每股盈利 – 港仙 (附註2)	11.19	13.38	26.31	27.59

# Report of the Directors

## 董事會報告書

### Summary of financial information 財務摘要 (續)

(continued)

		At 31 December 於十二月三十一日			
		2000	2001	2002	2003
		二零零零年	二零零一年	二零零二年	二零零三年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(Note 1)	(Note 1)	(Note 1)	(Note 1)
		(附註1)	(附註1)	(附註1)	(附註1)
<b>Assets and liabilities</b>	<b>資產與負債</b>				
Non-current assets	非流動資產	12,246	13,938	25,514	44,640
Current assets	流動資產	131,073	144,351	188,440	359,203
Current liabilities	流動負債	(52,290)	(35,773)	(54,314)	(89,983)
Net current assets	流動資產淨值	78,783	108,578	134,126	269,220
Non-current liabilities	非流動負債	2,077	1,461	–	114
Net assets	資產淨值	88,952	121,055	159,640	313,746

Notes:

附註：

- |  |  |
|--|--|
| <p>(1) The summary of the financial information as at 31 December 2000, 2001 and 2002 and for each of the three years then ended has been extracted from the Prospectus.</p>   | <p>(1) 於二零零零年、二零零一年及二零零二年十二月三十一日以及截至該三個日期止三個年度各年之財務資料概要乃節錄自招股章程。</p>   |
| <p>(2) The calculation of the basic earnings per share for the three years ended 31 December 2002 is based on the consolidated profit attributable to shareholders for the relevant year and on the 240,000,000 ordinary shares in issue during the year after adjusting for the subdivision of shares in September 2002 and the capitalisation issue of shares in June 2003, as disclosed in note 23 on the financial statements.</p> | <p>(2) 截至二零零二年十二月三十一日止三個年度之每股基本盈利是按有關年度之綜合股東應佔溢利及已就財務報表附註23所披露於二零零二年九月進行之股份拆細，及於二零零三年六月進行之股份資本化發行作出調整得出的年內已發行普通股加權平均數240,000,000股計算。</p> |

### Purchase, sale or redemption of the Company's listed securities

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the year.

### 購買、出售或贖回本公司上市證券

年內，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

## Compliance with the Code of Best Practice

Since the listing of the Company's shares on the Main Board of the SEHK on 4 July 2003, the Company has complied with the Code of Best Practice as set out by the SEHK in Appendix 14 to the Main Board Listing Rules.

## Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. The Audit Committee consists of two independent non-executive directors: Dr. Kim Chung Kweon (Chairman) and Dr. Han Byung Joon and non-executive director, Mr. Yang Ho Sung. The primary duties of the Audit Committee are to oversee the financial reporting process and the adequacy and effectiveness of the Company's system of internal control.

The Audit Committee met twice during the year to review with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the Group's 2003 interim and annual reports.

## Auditors

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board

**Yang Jai Sung**

Hong Kong, 15 March 2004

## 遵守最佳應用守則

自本公司股份已於二零零三年七月四日在香港聯交所主板上市以來，本公司一直遵守香港聯交所主板上市規則附錄十四所載的《最佳應用守則》。

## 審核委員會

本公司已成立審核委員會，並按照香港會計師公會建議之指引訂明其職權範圍。審核委員會由兩名獨立非執行董事金正權博士（主席）及韓丙濬博士及一名非執行董事梁皓星先生組成。審核委員會之主要職務為監察本公司之財務呈報程序及內部監控制度是否足夠及有效。

審核委員會於年內舉行兩次會議，並已與管理層檢討本集團採用之會計原則及慣例，並討論內部監控及財務呈報事宜，包括審閱本集團之二零零三年之中期及年度報告。

## 核數師

畢馬威會計師事務所即將告退，惟符合資格並願膺選連任。重新委聘畢馬威會計師事務所為本公司核數師的決議，將於即將召開的股東週年大會上提出。

承董事會命

**梁在星**

香港，二零零四年三月十五日