



## REPORT OF THE DIRECTORS

董事會報告書

# 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 2004.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and sale of electronic components. The principal activities and other particulars of the subsidiary is set out in note 13 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 11 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:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	22%	
Five largest customers in aggregate	64%	
The largest supplier		26%
Five largest suppliers in aggregate		54%

董事會全人謹將截至二零零四年十二月三十一日止年度的年報及經審核財務報表呈覽。

### 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13。

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11。

### 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：

	佔本集團總額百分比	
	銷售	購貨
最大客戶	22%	
五大客戶總和	64%	
最大供應商		26%
五大供應商總和		54%

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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 2004 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 45 to 85.

An interim dividend of HK\$0.024 (2003: HK\$ Nil) per share was paid on 15 October 2004. The directors now recommend the payment of a final dividend of HK\$0.014 (2003: HK\$0.055) per share in respect of the year ended 31 December 2004.

### RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 22 on the financial statements.

### FIXED ASSETS

Details of movements in fixed assets during the year are set out in note 12 on the financial statements.

### SHARE CAPITAL

Details of movements in share capital of the Company during the year, together with the reasons therefor, are set out in note 21 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

本集團截至二零零四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45至85頁之財務報表內。

本公司於二零零四年十月十五日支付中期股息每股0.024港元(二零零三年：零港元)。董事現建議就截至二零零四年十二月三十一日止年度派發末期股息每股0.014港元(二零零三年：0.055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22。

### 固定資產

固定資產之變動詳情載於財務報表附註12。

### 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21。

## DIRECTORS

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

### Executive directors

Mr. Yang Jai Sung  
(resigned as Chairman on 23 March 2005)  
Mr. Kim Sun Cheol  
Mr. Woo Nam Jin  
(appointed on 5 May 2004)  
Mr. Lee Byung Kwan  
(resigned on 1 January 2005)

### Non-executive director

Mr. Yang Ho Sung  
(appointed as Chairman on 23 March 2005)

### Independent non-executive directors

Dr. Kim Chung Kweon  
Dr. Han Byung Joon  
Mr. Kim Chan Su  
(appointed on 16 September 2004)

In accordance with article 101 of the Company's articles of association, to be amended in responding to change of rules and regulations, Mr. Yang Jai Sung and Mr. Yang Ho Sung retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to article 92 of the Company's articles of association, to be amended in responding to change of rules and regulations, Mr. Woo Nam Jin and Mr. Kim Chan Su, newly appointed directors, will be also eligible for re-election at the meeting.

## DIRECTORS' SERVICE CONTRACTS

The appointment of Dr. Kim Chung Kweon and Dr. Han Byung Joon, the independent non-executive directors, has been renewed by the board of directors for a further term of two years commencing 11 October 2004.

Mr. Kim Chan Su, the independent non-executive director, was appointed by the board of directors on 16 September 2004 for a fixed term to 10 October 2006.

## 董事

本財政年度內及至本報告日期當日之董事如下：

### 執行董事

梁在星先生  
(於二零零五年三月二十三日辭任主席)  
金善哲先生  
禹南珍先生  
(於二零零四年五月五日獲委任)  
李炳寬先生  
(於二零零五年一月一日辭任)

### 非執行董事

梁皓星先生  
(於二零零五年三月二十三日獲委任為主席)

### 獨立非執行董事

金正權博士  
韓丙濬博士  
金鑽洙先生  
(於二零零四年九月十六日獲委任)

根據本公司為配合法例及法規而將更改之組織章程細則第101條，梁在星先生及梁皓星先生將於即將召開之股東週年大會輪值告退，惟合乎資格並願膺選連任。

根據本公司為配合法例及法規而將更改之組織章程細則第92條，新委任之董事禹南珍先生及金鑽洙先生亦將合資格於大會上膺選連任。

## 董事服務合約

獨立非執行董事金正權博士及韓丙濬博士之任期已獲董事會重續，由二零零四年十月十一日起計為期兩年。

獨立非執行董事金鑽洙先生於二零零四年九月十六日獲董事會委任，固定任期至二零零六年十月十日止。

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The appointment of Mr. Yang Ho Sung, the non-executive director, has been renewed by the board of directors for a further term of two years commencing on 1 March 2005.

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.

### 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 2004, 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 Stock Exchange of Hong Kong Limited ("the Stock Exchange") 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

非執行董事梁皓星先生之任期已獲董事會重續，由二零零五年三月一日起計為期兩年。

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。

### 董事及行政總裁於股份、相關股份及債券之權益及空倉

於二零零四年十二月三十一日之本公司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合交易所有限公司（「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

the SFO to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the

Model Code for Securities Transactions by Directors of Listed Companies (collectively “discloseable interests”) are as follows:

#### (i) Interests in issued shares

	Ordinary shares of HK\$0.1 each				
	Beneficial owner	Interest of controlled corporations	Equity derivatives (note 2)	Total number of shares held	% of total issued shares
The Company					
– Mr. Yang Jai Sung	111,286,057	94,713,943 (note 1)	–	206,000,000	65.75%
– Mr. Kim Sun Cheol	698,000	–	1,000,000	1,698,000	0.54%
– Mr. Lee Byung Kwan	–	–	1,000,000	1,000,000	0.32%
– Mr. Woo Nam Jin	–	–	1,000,000	1,000,000	0.32%

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.

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

	每股面值0.1港元之普通股				
	實益擁有人	受控制法團之權益	股本衍生工具 (附註2)	持有之股份總數	佔已發行股份總數%
本公司					
– 梁在星先生	111,286,057	94,713,943 (附註1)	–	206,000,000	65.75%
– 金善哲先生	698,000	–	1,000,000	1,698,000	0.54%
– 李炳寬先生	–	–	1,000,000	1,000,000	0.32%
– 禹南珍先生	–	–	1,000,000	1,000,000	0.32%

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。

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### (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 2004, 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.

### 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 Stock Exchange on the date of grant; and (iii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. The options are exercisable progressively between one to three years from the date of grant and will expire at the end of 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%

### (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，於二零零四年十二月三十一日，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。

### 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聯交所之平均收市價。購股權可由授出日期起計一年至三年內逐步行使，並將於董事會授出購股權時通知各購股權持有人之期間終結時屆滿，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



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 Stock Exchange. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

The total number of ordinary shares available for issue under the share option scheme as at 31 December 2004 was 30,000,000 shares (including options for 21,900,000 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 2004. 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 2004, 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 2004 is HK\$1.00) 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.

	No. of options outstanding at the beginning of the year	No. of options outstanding at the year end	Date of grant	Period during which options are exercisable	Exercise price per share	Market value per share at date of grant
<b>Executive directors</b>						
- Mr. Kim Sun Cheol	1,000,000	1,000,000	7 July 2003	1 July 2004 to 30 June 2008	HK\$1.294	HK\$1.25

份在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。

於二零零四年十二月三十一日，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21,900,000股股份之購股權)，相當於二零零四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授予彼等之購股權(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。

於二零零四年十二月三十一日，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(於二零零四年十二月三十一日每股市值為1.00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。

	年初時 未行使之 購股權數目	年終時 未行使之 購股權數目	授出日期	購股權可予 行使期間	每股行使價	於授出日期之 每股市值
<b>執行董事</b>						
一金善哲先生	1,000,000	1,000,000	二零零三年 七月七日	二零零四年 七月一日至 二零零八年 六月三十日	1.294港元	1.25港元



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	No. of options outstanding at the beginning of the year	No. of options outstanding at the year end	Date of grant	Period during which options are exercisable	Exercise price per share	Market value per share at date of grant
- Mr. Lee Byung Kwan (Note 3)	1,000,000	1,000,000	7 July 2003	1 July 2004 to 30 June 2008	HK\$1.294	HK\$1.25
- Mr. Woo Nam Jin	-	1,000,000	6 May 2004	1 May 2005 to 30 April 2009	HK\$1.666	HK\$1.63
<b>Employees</b>	10,000,000	10,000,000	7 July 2003	1 July 2004 to 30 June 2008	HK\$1.294	HK\$1.25
<b>Other eligible persons</b>	8,900,000	8,900,000	7 July 2003	1 July 2004 to 30 June 2008	HK\$1.294	HK\$1.25

*Notes:*

- (1) The options granted to the directors are registered under the names of the directors who are also the beneficial owners.
- (2) The maximum percentage of the share options being exercisable is determined in stages as follows:
- |                                  |             |
|----------------------------------|-------------|
| On or after 1st year anniversary | 30%         |
| On or after 2nd year anniversary | another 30% |
| On or after 3rd year anniversary | another 40% |

	年初時 未行使之 購股權數目	年終時 未行使之 購股權數目	授出日期	購股權可予 行使期間	每股行使價	於授出日期之 每股市價
- 李炳寬先生 (附註3)	1,000,000	1,000,000	二零零三年 七月七日	二零零四年 七月一日至 二零零八年 六月三十日	1.294港元	1.25港元
- 禹南珍先生	-	1,000,000	二零零四年 五月六日	二零零五年 五月一日至 二零零九年 四月三十日	1.666港元	1.63港元
<b>僱員</b>	10,000,000	10,000,000	二零零三年 七月七日	二零零四年 七月一日至 二零零八年 六月三十日	1.294港元	1.25港元
<b>其他合資格人士</b>	8,900,000	8,900,000	二零零三年 七月七日	二零零四年 七月一日至 二零零八年 六月三十日	1.294港元	1.25港元

*附註:*

- (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。
- (2) 按階段劃分購股權可予行使之最高百分比如下：
- |           |       |
|-----------|-------|
| 於一周年當日或之後 | 30%   |
| 於兩周年當日或之後 | 另外30% |
| 於三周年當日或之後 | 另外40% |

- (3) Pursuant to the terms of the share option scheme, any unexercised share options granted to employees, including directors, will lapse three months after their cessation of employment. Subsequent to the year end and as of the date of this report, 1,000,000 share options granted to Mr. Lee Byung Kwan lapsed effective 31 March 2005.

The closing price of the share of the Company immediately before the date on which the share

options were granted on 6 May 2004 was HK\$1.66. The share options granted are not recognised in the financial statements until they are exercised. The weighted average value per option granted in 2004 and 2003 estimated at the date of grant using the Black-Scholes pricing model was HK\$0.48 and HK\$0.32 respectively. The weighted average assumptions used are as follows:

	2004	2003
Risk-free interest rate	3.55%	2.7%
Expected life	5 years	5 years
Annualised volatility	46%	41%
Expected dividend per share	HK\$0.0645	HK\$0.083

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

- (3) 根據購股權計劃之條款，任何授予僱員（包括董事）但尚未行使之購股權，將於彼等不再為僱員三個月後失效。於年結日後及本報告日期，授予李炳寬先生之1,000,000份購股權於二零零五年三月三十一日失效。

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二零零四年及二零零三年授出之購股權於授出當日之加權平均價值分別為0.48港元及0.32港元。所使用之加權平均假設值如下：

本公司股份於緊接購股權在二零零四年五月六日授出前之收市價為1.66港元。授出之購股權於行

	二零零四年	二零零三年
無風險利率	3.55%	2.7%
預計年期	5年	5年
全年波幅	46%	41%
預計每股股息	0.0645港元	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

# REPORT OF THE DIRECTORS

## 董事會報告書

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.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT

### POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified, in addition to Mr. Yang Jai Sung as set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, of the following interests in the Company's issued shares at 31 December 2004 amounting to 5% or more of the ordinary shares in issue:

	Ordinary shares of HK\$0.1 each				
	Beneficial owner	Interest of controlled corporations	Interest of spouse	Total number of shares held	% of total issued shares
Madam Kang Mi Young	–	–	206,000,000 <i>(note 1)</i>	206,000,000	65.75%
Kwang Sung Electronics Co., Ltd.	94,713,943	–	–	94,713,943	30.23%
Emerging Markets Management, L.L.C.	20,552,000	–	–	20,552,000	6.56%

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。

關股份及債券之權益及空倉」一節所述者外，於二零零四年十二月三十一日，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：

### 主要股東及其他人士於股份及相關股份之權益及空倉

除梁在星先生於上文「董事及行政總裁於股份、相

	每股面值0.1港元之普通股				
	實益擁有人	受控制法團之權益	配偶之權益	持有之股份總數	佔已發行股份總數%
姜美英女士	–	–	206,000,000 <i>(附註1)</i>	206,000,000	65.75%
株式會社光星電子	94,713,943	–	–	94,713,943	30.23%
Emerging Markets Management, L.L.C.	20,552,000	–	–	20,552,000	6.56%

	Ordinary shares of HK\$0.1 each				
	Beneficial owner	Interest of controlled corporations	Interest of spouse	Total number of shares held	% of total issued shares
Arisaig Greater China Fund Limited ("Arisaig") (note 2)	26,870,000	–	–	26,870,000	8.58%
Arisaig Partners (Mauritius) Ltd (note 2)	–	26,870,000	–	26,870,000	8.58%
Mr. Lindsay William Ernest Cooper (note 3)	–	26,870,000	–	26,870,000	8.58%

## Notes:

- (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.
- (2) These ordinary shares are held by Arisaig Partners (Mauritius) Ltd ("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 33% beneficial 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.

	每股面值0.1港元之普通股				
	實益擁有人	受控制法團之權益	配偶之權益	持有之股份總數	佔已發行股份總數%
Arisaig Greater China Fund Limited ("Arisaig") (附註2)	26,870,000	–	–	26,870,000	8.58%
Arisaig Partners (Mauritius) Ltd (附註2)	–	26,870,000	–	26,870,000	8.58%
Lindsay William Ernest Cooper先生 (附註3)	–	26,870,000	–	26,870,000	8.58%

## 附註：

- (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。
- (2) 該等普通股由 Arisaig Partners (Mauritius) Ltd (「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 33% 間接實益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。

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### 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 24 on 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.

### 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.

### 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。

除上文所述及根據財務報表附註24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。

### 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) 電子元件及相關產品之研究、設計及產品開發，並透過韓國光星經營之研究、設計及產品開發工廠（「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。

In relation to the listing of the Shares on the Main Board, each of Kwang Sung Korea, KS-Tech Group Corporation 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 and/or the companies controlled by Mr. Yang are beneficially interested, directly or indirectly, whether individually or taken together, in 20% or more of the issued share capital of the Company, Kwang Sung Korea and Mr. Yang will not, and Kwang Sung Korea and Mr. Yang 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 Restricted Business in any of the regions in which the Group engages in and undertakes the Restricted Business (such regions include Korea and the PRC (including Hong Kong)).

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 been no material change in directors' interests in any competing business subsequent to 31 December 2003.

## CONNECTED TRANSACTIONS

During the year, the Group entered into the following transactions with Kwang Sung Korea, which constituted connected transactions as

韓國光星、KS-Tech Group Corporation及梁在星先生已各自為本集團之利益，就股份於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、梁先生及／或由梁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受限制業務之任何地區（包括韓國及中國（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。

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。於二零零三年十二月三十一日後，董事於競爭業務之權益並無任何重大轉變。

## 關連交易

年內，本集團與韓國光星進行下列交易，該等交

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defined in the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange ("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 2004, sales of electronic components to Kwang Sung Korea amounted to approximately HK\$90,333,000 (2003: HK\$53,475,000) and purchases of raw materials from Kwang Sung Korea amounted to approximately HK\$62,584,000 (2003: HK\$54,673,000).

(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 2004, referral commission paid/payable by the Group to Kwang Sung Korea amounted to approximately HK\$10,471,000 (2003: HK\$9,148,000).

(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

易構成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。

於截至二零零四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90,333,000港元（二零零三年：53,475,000港元）；而向韓國光星採購原料之金額約為62,584,000港元（二零零三年：54,673,000港元）。

(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。

於截至二零零四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10,471,000港元（二零零三年：9,148,000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



commercial terms and were on terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2004, research and development and technical support fee paid/payable by the Group to Kwang Sung Korea amounted to approximately HK\$5,148,000 (2003: HK\$9,511,000).

The Company has been granted a conditional waiver by the Stock Exchange 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.

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.

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。

於截至二零零四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5,148,000港元（二零零三年：9,511,000港元）。

本公司已獲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。

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。

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(2) the connected transactions entered into during the year ended 31 December 2004 have been conducted such that the aggregate amount for

each type of the transactions has not exceeded the respective caps set out below:

The transactions	Annual cap on the aggregate value of transactions
(i) Sales of electronic components by the Group to Kwang Sung Korea	15% of the Group's turnover for the year
(ii) Purchases of raw materials by the Group from Kwang Sung Korea	30% of the Group's purchases of raw materials for the year
(iii) Commission paid/payable to Kwang Sung Korea by the Group for the referral of sales orders of Korean customers	3% of the Group's turnover for the year
(iv) Commission paid/payable to Kwang Sung Korea by the Group for the referral of sales orders of other customers	3% of the Group's turnover for the year
(v) Research and development and technical support fee paid/payable by the Group to Kwang Sung Korea	3% of the Group's turnover for the year

(2) 於截至二零零四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：

交易	交易總額之每年上限
(i) 本集團出售電子元件產品予韓國光星	本集團當年營業總額之15%
(ii) 本集團向韓國光星購買原材料	本集團當年採購原材料總額之30%
(iii) 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	本集團當年營業總額之3%
(iv) 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	本集團當年營業總額之3%
(v) 本集團已付／應付予韓國光星之研發及技術支援費用	本集團當年營業總額之3%

## RETIREMENT SCHEMES

Details of the retirement schemes participated by the Group are set out in note 19 on the financial statements.

## FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 86 and 87.

## DISCLOSURE PURSUANT TO THE LISTING RULES 13.13

As at 31 December 2004, there were 313,300,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.99 per share for the five business days immediately preceding 31 December 2004, the market capitalisation of the Company was approximately HK\$310,167,000 as at 31 December 2004 (the "Total Market Capitalisation"). The trade receivables due to the Group from LG Electronics (Huizhou) Inc. and LG Electronics HK Ltd. (collectively, "LG customer group") amounted to approximately HK\$27,812,000 as at 31 December

2004. The trade receivables were resulted from sales to the LG customer group by the Group in its ordinary course of trading business and on normal commercial terms, which are unsecured, interest free and with payment terms of 60 days after month-end statement, and represented approximately 8.97% of the Total Market Capitalisation.

## 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.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2004 with the Code of Best Practice contained in Appendix 14 (which was in force during the said period) to the Main Board Listing Rules.

## 退休計劃

有關本集團參與之退休計劃之詳情，載於財務報表附註19。

## 五年概要

本集團過去五個財政年度業績、資產與負債概要載於第86及87頁。

## 根據上市規則第13.13條作出披露

於二零零四年十二月三十一日，本公司共有313,300,000股已發行股份。根據本公司股份於緊接二零零四年十二月三十一日前五個營業日之平均收市價每股0.99港元計算，本公司於二零零四年十二月三十一日之市值約為310,167,000港元（「總市值」）。於二零零四年十二月三十一日，LG Electronics (Huizhou) Inc.及 LG Electronics HK Ltd.

(統稱LG客戶群)結欠本集團之應收貿易賬款約為27,812,000港元。應收貿易賬款乃由本集團於日常業務中按一般商業條款向LG客戶群進行銷售所產生，且為無抵押、免息，且須於月結單發出後60日內支付，而有關款項佔總市值約8.97%。

## 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。

## 企業管治

本公司於截至二零零四年十二月三十一日止年度全年一直遵守主板上市規則附錄十四所載之最佳應用守則(於上述期間內有效)。

載於主板上市規則附錄十四之最佳應用守則已被

# REPORT OF THE DIRECTORS

## 董事會報告書

The Code of Best Practice contained in Appendix 14 to the Main Board Listing Rules has been replaced by the code on Corporate Governance Practices with effect from 1 January 2005, and the new code will apply for the subsequent reporting periods.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee consists of three independent non-executive directors and a non-executive director. 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 2004 interim and annual reports.

自二零零五年一月一日起生效之企業管治常規守則取代，新守則將適用於下一個及其後的報告期間。

### 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以書面訂明其職權範圍。審核委員會由三名獨立非執行董事及一名非執行董事組成。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，包括審閱本集團之二零零四年之中期及年度報告。

### 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 Ho Sung**

Hong Kong, 15 April 2005

### 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

**梁皓星**

香港，二零零五年四月十五日