

Report of the Directors 董事會報告

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of corporate management services. The principal activities of the subsidiaries comprise:

- (i) the development, manufacture, sale and distribution of information and entertainment consumer electronic products for home and automobiles;
- (ii) the development and provision of networking technology services; and
- (iii) the provision of integrated solutions and services for the cable TV industry.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2005 and the state of affairs of the Company and the Group at that date are set out in this annual report on pages 42 to 170.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2005.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 173 of this annual report. This summary does not form part of the audited financial statements.

董事會欣然提呈本公司及本集團截至二零零五年十二月三十一日止年度之董事會報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股，並提供公司管理服務。附屬公司之主要業務包括：

- (i) 開發、製造、銷售及分銷家居及汽車資訊及娛樂消費電子產品；
- (ii) 開發及提供網絡技術服務；及
- (iii) 提供有線電視業務適用之綜合解決方案及服務。

年內，本集團之主要業務性質並無重大變動。

業績及股息

本集團截至二零零五年十二月三十一日止年度之虧損及本公司與本集團於該日期之財政狀況載於本年報第42頁至第170頁。

董事會建議不派發截至二零零五年十二月三十一日止年度之任何股息。

財務資料概要

本集團過往五個財政年度之已發表業績、資產、負債及少數股東權益概要乃節錄自經審核財務報表及在適當情況下重列／重新分類，現載於本年報第173頁。是項概要並非經審核財務報表之一部份。

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PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements respectively. Further details of the Group's major properties are set out on pages 171 to 172.

SHARE CAPITAL

There was no movement in either the Company's authorised or issued share capital during the year. Details of the Company's issued share capital are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

物業、廠房及設備與投資物業

本公司及本集團之物業、廠房及設備與投資物業在年內之變動詳情分別載於財務報表附註14及15。有關本集團主要物業之進一步詳情載於第171頁至172頁。

股本

本公司法定或已發行股本於年內並無任何變動。本公司已發行股本之詳情載於本財務報表附註33。

優先購買權

本公司之公司細則／組織章程細則或百慕達法例中，概無有關本公司須向現有股東按比例發售新股之優先購買權之規定。

購回、贖回或出售本公司上市證券

本公司或其任何附屬公司於年內概無購回、贖回或出售本公司任何上市證券。

儲備

本公司及本集團儲備年內變動之詳情分別載於財務報表附註35(b)及綜合權益變動表。

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DISTRIBUTABLE RESERVES

At 31 December 2005, the Company had no reserves available for distribution calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended). The Company's share premium account, in the amount of HK\$212,320,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 33.51% of the total purchases for the year and purchases from the largest supplier included therein amounted to 14.63%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

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

Executive directors:

Mr. Poon Ka Hung
Mr. Wu Lai Ping
Mr. Yeung James
(appointed on 31 March 2006)
Mr. Lin Hoo Fun
(resigned on 31 March 2006)

可分派儲備

於二零零五年十二月三十一日，按百慕達一九八一年公司法（經修訂）之條文計算，本公司概無可分派儲備。本公司之股份溢價賬為212,320,000港元，可以繳足紅股之方式作分派。

主要客戶及供應商

於回顧年度內，本集團五大客戶之銷售額佔年內總銷售額少於30%。本集團五大供應商之採購額佔年內總採購額33.51%，其中最大供應商佔14.63%。

概無本公司董事或彼等各自之聯繫人士或任何股東（就董事所知於本公司已發行股本中擁有超過5%權益者）於本集團五大客戶中擁有任何實益權益。

董事

本公司年內截至本報告日期止之董事如下：

執行董事：

潘嘉雄先生
胡禮平先生
楊耀強先生
(於二零零六年三月三十一日獲委任)
連浩芬先生
(於二零零六年三月三十一日辭任)

Report of the Directors 董事會報告**DIRECTORS (continued)****Non-executive directors:**

Mr. Fung Chi Kong, Edward*
(resigned on 14 February 2006)
Ms. Cheung Mei Ha, Jennifer
(resigned on 31 March 2006)
Mr. Leung Chun Pong

Independent Non-executive directors:

Mr. Chan Wing Tai, Joseph*
Mr. Tang Tin Ying*
Mr. Tay Chee Hung, Clement*

* Members of the audit committee

In accordance with the Company's bye-laws, Messrs. Poon Ka Hung, Yeung James and Chan Wing Tai, Joseph will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Messrs. Chan Wing Tai, Joseph, Messrs. Tang Tin Ying and Messrs. Tay Chee Hung, Clement, and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 10 to 13 of this annual report.

董事 (續)**非執行董事：**

馮志光先生*
(於二零零六年二月十四日辭任)
張美霞女士
(於二零零六年三月三十一日辭任)
梁振邦先生

獨立非執行董事：

陳榮泰先生*
鄧天應先生*
鄭志雄先生*

* 審核委員會成員

根據本公司之公司細則規定，潘嘉雄先生、楊耀強先生及陳榮泰先生將於應屆股東週年大會上輪值退任，惟彼等符合資格並願意膺選連任。

本公司已收到陳榮泰先生、鄧天應先生及鄭志雄先生之年度獨立性確認書，並於本報告日期仍視彼等為獨立人士。

董事及高級管理人員履歷

本公司董事及本集團高級管理人員之詳細履歷載於年報第10頁至第13頁。

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DIRECTORS' SERVICE CONTRACTS

Messrs. Poon Ka Hung and Wu Lai Ping each entered into a service agreement with the Company for a term of three years commencing from 1 September 1994, which has continued thereafter until terminated by either party by giving to the other not less than three months' written notice.

The non-executive directors and independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事之服務合約

潘嘉雄先生及胡禮平先生各自與本公司訂立服務協議，由一九九四年九月一日起計為期三年，直至其中一方向對方發出不少於三個月書面通知終止有關協議，否則該協議將一直生效至期滿。

非執行董事及獨立非執行董事並無固定任期，惟根據本公司之公司細則，彼等須在股東週年大會上輪值退任及膺選連任。

除上文所披露者外，擬於應屆股東週年大會上膺選連任之董事均並無與本公司訂立本公司若於一年內終止則必須作出補償(法定補償除外)之服務合約。

董事酬金

董事袍金須於股東大會上獲股東批准。其他酬金乃由本公司董事會根據董事職務、責任與表現及本集團業績而釐定。

董事於合約之權益

董事於年內概無在本公司或其任何附屬公司訂立而與本集團之業務有重大關係之合約直接或間接擁有任何重大權益。

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2005, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as 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 Issuers (the "Model Code"), were as follows:

董事於股份之權益及淡倉

於二零零五年十二月三十一日，董事於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)股本中擁有下列權益及淡倉，而該等權益及淡倉是根據證券及期貨條例第352條規定由本公司存置之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉：

Long positions in ordinary shares of the Company**於本公司普通股之好倉：****Number of issued shares held, capacity and nature of interest**

所持已發行股份數目、身份及權益性質

Name of director	董事姓名	Notes 附註	Number of issued shares held, capacity and nature of interest			Total 總計	Percentage of the Company's issued share capital 佔本公司 已發行股本 之百分比
			Directly beneficially owned 直接 實益擁有	Through controlled corporation 透過 受控制法團	Other interests 其他權益		
Mr. Poon Ka Hung	潘嘉雄先生	(a)	-	161,870,103	-	161,870,103	31.75
Mr. Wu Lai Ping	胡禮平先生	(a)	-	-	161,870,103	161,870,103	31.75
Mr. Lin Hoo Fun	連浩芬先生	(b)	-	3,500,000	-	3,500,000	0.69
Mr. Leung Chun Pong	梁振邦先生		103,842	-	-	103,842	0.02

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES (continued)

Notes:

- (a) The number of shares held as corporate interests through a controlled corporation and other interests refer to the same parcel of shares which are held by High Rate Investments Limited ("High Rate"), a company beneficially owned as to 50% by Mr. Poon Ka Hung and 50% by a discretionary family trust of which Mr. Wu Lai Ping is the settlor and his family members are beneficiaries.
- (b) The numbers of shares held as corporate interests of Mr. Lin Hoo Fun refers to the same parcel of shares which are held by Newray Int'l Limited, a company beneficially owned by Mr. Lin Hoo Fun.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirement.

Save as disclosed above, as at 31 December 2005, none of the directors had registered an interest in the shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

董事於股份之權益及淡倉 (續)

附註：

- (a) 透過受控制法團持作公司權益及其他權益之股份乃指由High Rate Investments Limited (High Rate)持有之同一批股份。該公司由潘嘉雄先生實益擁有50%權益，另50%權益則由以胡禮平先生為設立人及其家族成員為受益人之家族全權信託持有。
- (b) 連浩芬先生以公司權益方式持有之股份數目乃指由連浩芬先生實益擁有之Newray Int'l Limited持有之同一批股份。

除上述者外，若干董事為本公司利益而在若干附屬公司持有非實益之個人股本權益，以符合有關公司股東最少人數之規定。

除上文披露外，於二零零五年十二月三十一日，根據本公司按證券及期貨條例第352條規定存置之登記冊所記錄，或根據標準守則須知會本公司及聯交所，概無董事在本公司或其任何聯營公司之股份中擁有任何權益。

董事及最高行政人員購入股份之權利

於年內任何時間，董事或彼等各自之配偶或未成年子女概無獲授任何權利以通過購入本公司之股份而獲益，亦無於年內行使任何該等權利，而本公司或其任何附屬公司於年內亦概無訂立任何安排以使董事可取得任何其他公司之該等權利。

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SHARE OPTION SCHEME

On 29 May 2002, the Company adopted a share option scheme under which it may grant options to eligible persons, including employees and directors of the Group, to subscribe for shares of the Company. No share options had been granted under the share option scheme since its adoption. Details of the Company's share option scheme are set out in note 34 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name 名稱	Note 附註	Capacity and nature of interest 身份及權益性質	Number of ordinary shares held 所持 股份數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 之百分比
High Rate Investments Limited		Directly beneficially owned 直接實益擁有	161,870,103	31.75
Powerix Engineering Limited	(1)	Interest of a corporation controlled by Fidelitycorp Limited 由Fidelitycorp Limited 控制之法團權益	161,870,103	31.75
Fidelitycorp Limited	(1)	Trustee of a family discretionary trust for family members of Wu Lai Ping 胡禮平家族成員之 家族全權信託之受託人	161,870,103	31.75

購股權計劃

於二零零二年五月二十九日，本公司採納一項購股權計劃。據此，本公司可向合資格人士（包括本集團僱員及董事）授出購股權，以認購本公司股份。自採納該購股權計劃以來，本公司並無授出購股權。有關本公司購股權計劃之詳情載於本財務報表附註34。

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零零五年十二月三十一日，根據本公司按證券及期貨條例第336條規定存置之權益登記冊顯示，下列股東於本公司已發行股本中擁有5%或以上權益：

好倉：

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Note:

1. These shares are held by High Rate Investments Limited, which is beneficially owned as to 50% by Mr. Poon Ka Hung and 50% by a family discretionary trust of which Mr. Wu Lai Ping is the settlor and his family members are beneficiaries.

The above interests have also been disclosed as the interests of Messrs. Poon Ka Hung and Wu Lai Ping under the section "Directors' interests in shares" above.

Save as disclosed above, as at 31 December 2005, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares" above, had registered an interest in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Company and the Group had certain connected transactions, details of which are set out in note 40 and disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company had also executed and issued guarantees and stand-by letters-of-credit in favour of a bank in respect of two revolving loan facilities in the sum of US\$1.25 million and RMB2.0 million, respectively, granted to Orient Power-Sunniwell IT Limited ("OPSIT"), a 51% owned subsidiary of the Group. The minority shareholder of OPSIT has also executed guarantees in favour of the Company for their proportional interests in OPSIT of 49% for a US\$1.25 million loan granted to OPSIT.

主要股東及其他人士於股份及相關股份之權益及淡倉 (續)

附註：

1. 該等股份由High Rate Investments Limited持有，該公司由潘嘉雄先生實益擁有50%權益，另50%權益則由以胡禮平先生為設立人及其家族成員為受益人之家族全權信託持有。

上述權益亦於上文「董事於股份之權益」一節中披露為潘嘉雄先生及胡禮平先生之權益。

除上文所披露外，於二零零五年十二月三十一日，概無任何人士（本公司董事除外，其名下權益載於上文「董事於股份之權益及淡倉」一節）於本公司股份中擁有任何根據證券及期貨條例第336條須予記錄之權益。

關連交易

年內，本公司及本集團曾進行若干關連交易，其詳情載於附註40，並已根據聯交所證券上市規則第14A章之規定予以披露。

本公司亦就北京朝歌寬帶網絡信息技術有限公司（「朝歌」）（本集團擁有51%權益之附屬公司）獲授兩筆分別為1,250,000美元及人民幣2,000,000元之循環貸款融資而向銀行作出擔保及發出備用信用證。朝歌之少數股東亦因應其擁有之49%比例股權就授予朝歌之1,250,000美元貸款向本公司作出擔保。

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CONNECTED TRANSACTIONS (continued)

In addition, the Company has executed and issued a guarantee in favour of a bank in respect of loan facilities not exceeding US\$2.5 million granted to Jiangsu Orient Power Electronics Company Limited ("JOPE"), a 51%-owned jointly-controlled entity of the Group.

The Company has executed and issued a counter-guarantee in favour of a deemed minority shareholder of Orient Power (Wuxi) Digital Technology Company Limited ("OPWDT"), a 77.5%-owned subsidiary of the Group, for the guarantee given by the deemed minority shareholder in relation to bank loan facilities of HK\$57,973,000 of OPWDT.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out in note 40 to the financial statements and have confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to/from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

關連交易 (續)

此外，本公司就本集團擁有51%之共同控制企業江蘇東華電子有限公司(「江蘇東華」)獲批不超過2,500,000美元之貸款融資向銀行作出擔保。

本公司就一名被視為無錫東強數碼科技有限公司(「無錫東強」，本集團擁有77.5%權益之附屬公司)少數股東就其對無錫東強之銀行貸款57,973,000港元之擔保及發出反擔保。

本公司獨立非執行董事已審閱載於本財務報表附註40之持續關連交易，並確認該等持續關連交易乃按照以下情況進行：(i)在本集團日常一般業務過程中訂立；(ii)按一般商業條款或不遜於獨立第三方向本集團／本集團向獨立第三方所提供之條款；及(iii)根據規範該等關連交易之相關協議中對本公司股東整體而言乃屬公平及合理而且符合股東利益之條款。

Report of the Directors 董事會報告

DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.22 of the Listing Rules, the following disclosures are included in respect of financial assistance and guarantees to affiliated companies. As at 31 December 2005, the Group had provided to affiliated companies financial assistance and guarantees amounting, in aggregate, to HK\$16,845,000 which exceeded 8% of the market capitalisation of the Company, as further explained below. The pro forma combined balance sheet of these affiliated companies as at 31 December 2005 and the Group's attributable interest therein are set out as follows:

根據上市規則第13.22條作出之披露

遵照上市規則第13.22條之披露規定，以下披露乃就提供予聯屬公司之財務支援及擔保而作出。截至二零零五年十二月三十一日，本集團向聯屬公司提供之財務支援及擔保合共16,845,000港元，有關金額超逾本公司之市值（詳情見下文）之8%。該等聯屬公司於二零零五年十二月三十一日之備考合併資產負債表及本集團之應佔權益如下：

		Pro forma combined
		備考合併
		HK\$'000
		千港元
Non-current assets	非流動資產	14,349
Current assets	流動資產	103,634
Current liabilities	流動負債	(117,433)
Net current liabilities	流動負債淨額	(13,799)
Total assets less current liabilities	總資產減流動負債	550
Non-current liabilities	非流動負債	(6,106)
Net liabilities	負債淨額	(5,556)
Issued capital	已發行股本	49,033
Reserves	儲備	(54,589)
Net deficiency	權益總額	(5,556)

Report of the Directors 董事會報告**DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES (continued)**

As at 31 December 2005, the issued share capital of the Company comprised 509,805,968 shares in issue. Based on the average closing price of the Company's shares of HK\$0.2072 per share by reference to the Stock Exchange's daily quotation sheets for the trading days from 22 December 2005 to 30 December 2005 (both dates inclusive), being the five business days immediately preceding 31 December 2005, the total market capitalisation of the Company was approximately HK\$105,632,000 as at 31 December 2005.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 42 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Poon Ka Hung
Chairman

Hong Kong
26 April 2006

根據上市規則第13.22條作出之披露(續)

於二零零五年十二月三十一日，本公司之已發行股本包括509,805,968股已發行股份。根據本公司股份於二零零五年十二月二十二日至二零零五年十二月三十一日(包括首尾兩日)(即緊接二零零五年十二月三十一日前之五個營業日)止期間多個交易日之平均收市價每股0.2072港元(根據聯交所之每日報價表)計算，本公司於二零零五年十二月三十一日之總市值約為105,632,000港元。

充足之公眾持股量

根據本公司公開可得之資料及就董事所知，於本報告刊發日期，本公司之已發行股本總額最少25%乃由公眾人士持有。

結算日後事項

本集團之重大結算日後事項詳情載於財務報表附註42。

核數師

安永會計師事務所任滿退任，本公司將於應屆股東週年大會上提呈一項決議案，續聘安永會計師事務所為本公司之核數師。

董事會代表

主席
潘嘉雄

香港
二零零六年四月二十六日