

For the year 2003, profit attributable to shareholders was HK\$450 million as compared to HK\$378 million for the year 2002.

The total turnover was HK\$7,723 million for the year compared to HK\$6,646 million for 2002, while the gross profit from the operating activities was HK\$897 million as compared to HK\$734 million for 2002.

The Grande Group comprises of:

- (i) The Electronics Manufacturing Services Group
- (ii) The Branded Distribution Group
and
- (iii) The Financial Services Group

ELECTRONICS MANUFACTURING SERVICES GROUP

For 2003, the Magnetic Media Division was merged into the Consumer Electronic Division forming the Electronics Manufacturing Services Group (“EMS”). The directors consider the nature of business of the two divisions similar and accordingly the comparative amounts have been restated to conform to the current year’s presentation.

The EMS Group achieved an increase in turnover for 2003 of 58.9% to HK\$4,089 million, as compared to HK\$2,574 million in 2002. This was largely as a result of more global companies shifting their production to The People’s Republic of China and the particularly strong demand in the last quarter of 2003. The operating profit for this Group for 2003 was HK\$222 million, compared to HK\$207 million in 2002. The increased sales of the consumer electronic products resulted in additional return, while the sales of the magnetic media products were steady. However, there was continuous pricing pressure in the industry affecting the margins achieved. This Group also benefited from the completion of the consolidation of its consumer electronic manufacturing facilities in Zhongshan which began in 2002.

For 2003, the Group is expanding its manufacturing capability of visual display products, adding both plasma and LCD-TV facilities in its line up. The Group expects to benefit from the continuing high global demands for such visual display products. Along with this capability and the continued global shift of production into The People’s Republic of China, the Group’s customer base will continue to expand.

BRANDED DISTRIBUTION GROUP

The Branded Distribution Group's turnover for 2003 was HK\$2,128 million as compared to HK\$2,039 million in 2002. The turnover was affected by the subdued market conditions lingering in the USA and Europe following the Iraq conflict and the impact of the SARS outbreak in Asia.

This Group manages the distribution and licensing, including all trademark and patents, of three global brands, namely Nakamichi, Sansui and Akai (collectively referred to as "Brands"). We continued to invest heavily in the Brands in 2003 by expanding the global sales network and increasing the range of products, in particular the home entertainment systems including plasmas and LCD-TVs.

The Group's operating profit for 2003 was HK\$318 million which was a 24.2% increase compared to HK\$256 million in 2002. The increase in profit is due to the Group's global strategy to manage as well as license the Brands, expanding its distribution network, improve the product selection and maintaining an efficient cost structure.

The Group will continue to expand its range of products offered to meet the global demands. Akai has increased its product line up, offering digital cameras, telecommunication products and home appliances such as air-conditioners and microwave ovens. Sansui has included plasmas and LCD-TVs to increase its market share in Europe.

The Group's investment in direct sales and marketing of the Brands in the People's Republic of China continues into 2004. The successful launch in 2003 of both the Akai and Sansui brands has presented tremendous opportunities for this Group. Combined with the strong economic growth in The People's Republic of China, 2004 looks to be a promising year for this Group.

FINANCIAL SERVICES GROUP

This Group included the business of foreign exchange services up to its date of disposal at the end of October 2003, at which date the Group reflected a gain on disposal of HK\$30 million. The Grande Group considered that such business was no longer in line with its long term strategy. The turnover for this Group in 2003 was HK\$1,506 million as compared to HK\$2,033 million in 2002. As stated earlier, this included the turnover up to the date of the sale of the business only. The Group incurred an operating loss for 2003 of HK\$79 million which was due largely to exchange losses incurred in that year, compared to a profit of HK\$15 million in 2002.

Adrian C. C. Ma
Group Managing Director

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