



chairman's statement

I am pleased to announce that a consolidated profit attributable to shareholders of HK\$302 million was recorded for the year.

Your Board of Directors has recommended a final dividend for 2005 of HK12 cents per share which, together with the interim dividend of HK12 cents per share paid on 16 November 2005, results in a total distribution for the year of HK24 cents per share.

Our three global brands namely, Nakamichi, Akai and Sansui have continued to make inroads in the world's premier consumer markets, particularly the USA and The People's Republic of China ("PRC"). The Group's investment in advanced technology has increased in PRC such that the Group is now a dominant player in the flat panel display market, focusing on Plasmas and LCD TVs.



In December 2005, the Group completed its acquisition of a 37% interest in Emerson Radio Corp, a company listed on the American Stock Exchange. We have since then announced that we will increase our shareholding through purchase of stock on the exchange to exceed 50%. The Group considers that the Emerson and Scott Brands fit in with the Group's long term plan to continue to grow the Branded Distribution Division, enlarge its market share in consumer electronics market and enhance its technical capabilities.

The Group has also improved its liquidity and cash reserves in February 2006 by offering US\$50 million exchangeable bonds which were fully subscribed. The Group is considering undertaking further such exercises so as to move from short term bank financing to longer term financing in line with the increased focus on the Branded Distribution Division.

At the end of March 2006, the Group acquired a flat panel display production factory in Denmark. This will enable the Group to expand further in Europe, where otherwise the 14% import duty on non-European flat panel products would make it difficult to compete on a level footing.

The Group's long term plan is to strengthen its competitiveness in the Branded Distribution Division, enlarge its market share and enhance its capabilities in delivering high value-added products. In the coming year the Group will stay focused on adding value to its Brands and products.

I would like to extend my appreciation to the management and the staff of the Group for their dedication, loyalty and commitment. I would also like to thank our shareholders, customers, suppliers and business associates for their continuing support and confidence in the Group.

Christopher W. Ho
Chairman

Hong Kong, 8 May 2006