



I am pleased to announce that a consolidated profit attributable to shareholders of HK\$360 million was recorded in 2006, and an increase in turnover of 54% from last year HK\$6,038 million to HK\$9,312 million.

Your Board of Directors has recommended a final dividend for 2006 of HK14 cents per share which, together with the interim dividend of HK12 cents per share paid on 8 November 2006, results in a total distribution for the year of HK26 cents per share.

In 2006, the Group continued to focus on the expansion of its global brands in the flat panel display market and concentrates mainly on Plasma and large size LCD television. The Branded Distribution Group Division has increased its contribution from 61% to 72% of the Group's total turnover in 2006 and it is anticipated that this division will achieve further growths in 2007. The Home Audio market continues to decline but this market is being replaced by the growth in flat panel display market. With the increased HDTV programming and widespread adoption of digital broadcasting across the globe over the next few years, the Group is confident of maximizing the potentials of the global brands in this market sector.

The Group's turnover also grew in 2006 as a result of expansion into new markets and increased distribution. To achieve this further growth, the Group invested in shelf space and additional promotional expenses, which led to a lower gross margin and higher distribution cost for the year. However, the Group is confident that this investment will enlarge the market share of the Brands as the Brands will have more visibility.

The Group's long term plan is to ensure the Brands become even more competitive in the market by enlarging its market share and enhance its value by delivering high value-added products to its customers. In the coming year the Group will stay focused on adding value to its Brands and products.

I am pleased to announce that the Electronic Manufacturing Services Group has made a return to profitability in 2006, after the previous years of rationalization and restructuring. The Group will continue to review the operations to derive greater contribution from this Division going forward.

With the increase in our shareholding of Emerson Radio Corp., listed on the American Stock Exchange, during 2006 to approximately 51%, we have fully consolidated this into the accounts. Along with this, we have also equity accounted for our interest in Sansui Electric Co. Ltd, listed on the Tokyo Stock exchange, which is different from our accounting treatment in 2005. This reflects our full compliance with international reporting standards, and which is also in accordance with the Hong Kong Financial Reporting Standards.

During 2006, the Group also disposed of shares in non-core subsidiaries with a view to simplifying its structure and realizing value for shareholders.

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, 11 April 2007

