

Chairman's Statement

“To maintain and strengthen our position as one of the leading wholesalers in the U.S. residential furniture market and to become one of the leading players in the furniture industry globally”

On behalf of the Board of Directors of Samson Holding Ltd. (the “Company”), I am pleased to present to the shareholders the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2006.

Results

We managed to maintain a good growth in turnover and recorded profit amid a challenging year in the U.S. residential furniture industry.

Turnover and profit for the year of the Group hit a record high for the fifth consecutive year. Turnover was approximately US\$568.4 million, an increase of approximately 10% or US\$51.4 million compared with 2005. Profit for the year was approximately US\$103.1 million, an increase of approximately 16% or US\$14.1 million compared with 2005.

Dividend

The Board has recommended the payment of a final dividend for the year ended 31 December 2006 of HK\$0.058 per share. Including the interim dividend of HK\$0.058 per share paid to the shareholders in October 2006, the total dividend payout and the dividend payout ratio for the year 2006 will be HK\$0.116 and 40% respectively.

Business Development and Outlook

The year 2006 was the biggest decline in new privately owned housing units started in 15 years in the U.S. Sluggish demands, increase in raw material costs, and aggressive competitions from China and Vietnam have raised lots of burdens on operating margins. Increasing negative news from importers and retailers experiencing considerable financial stress is becoming commonly read. We expect consolidation in the residential furniture industry will accelerate in 2007 since the industry-wide slowdown does not appear to be over in the U.S.

We believe the Company's unique business model provides a solid foundation to outperform the industry performance during the consolidation. Through our vertically-integrated U.S. wholesaler and Chinese manufacturer business model, the Company is well positioned to gain market shares with the competitive advantage of large-scale and cost-effective manufacturing facilities in China to support our U.S. branded-products business. In 2006, we have successfully acquired and included Craftmaster brand in our upholstery brands portfolio and have been excluded from the U.S. Antidumping Duty Order on Wooden Bedroom Furniture since November 2006. These achievements clearly demonstrated our strategy to maintain and strengthen our position as one of the leading wholesalers in the U.S. residential furniture market and to become one of the leading players in the furniture industry globally by increasing our market share in both our branded and original equipment manufacturer (“OEM”) businesses.

Chairman's Statement (Cont'd)

The progress made on our principal strategies:

1. Growing the market share of our branded business by expanding our product offerings and raising brand awareness

Our vertically-integrated business model provides us with a key competitive advantage to increase the sales of furniture under our Universal Furniture, Legacy Classic and Craftmaster brands.

We gained increasing market shares in youth and upholstery product markets. Our youth collection has been widely recognized by our customers because of our quality, value and service. The growth in upholstery was mainly attributable to Craftmaster which is well-regarded throughout the industry with a reputation for quality and service and offers for endless special order options to fulfill each customer's decor desire.

Universal Furniture has partnered with Meredith Corporation, publisher of *Better Homes and Gardens*, to produce and launch a full line of furniture bearing the name of America's premier monthly magazine – *Better Homes and Gardens*. The combined support and expertise we will get from *Better Homes and Gardens* and Meredith Corporation will be a tremendous leg up and will allow us to target product at the female consumers as never before.

2. Increasing and diversifying our OEM business

We are delivering outstanding product quality and logistic services to our OEM customers and there is increasing number of U.S. furniture companies to outsource production to Asia and other regions. As a result, our OEM business recorded a strong growth in last year. We now become one of the best manufacturing suppliers of premium residential furniture brands.

3. Expanding capacity in a timely and cost-effective manner

We are expanding our production and warehouse capacity at both our Jiashan and Dongguan facilities by building additional production lines and warehouses on existing available land at these facilities.

The second automated warehouse and an additional production line at our Jiashan plant were put into operation in late 2006 and now, we are capable to handle approximately 4,000 standard 40-foot containers, probably one of the largest automated warehouses for furniture manufacturing company in China.

We will complete other additional production lines on needed basis with reference to demand and market conditions.

4. Growing through value-accretive acquisition strategies

We are well positioned to take advantage of any acquisition opportunities by leveraging our previous experience in successfully acquiring and integrating Universal Furniture.

In May 2006, we acquired Craftmaster brand. The purchase of assets establishes the U.S. upholstery manufacturing facility for the Group, supplementing the Group's successful fully assembled imported upholstery program. The integration of Craftmaster is faster than we expected. We expect synergy will come out in the next 12 to 18 months.

Chairman's Statement (Cont'd)

We will take the advantage of the soft market environment and the consolidation of the U.S. furniture market to choose and implement suitable acquisition to strengthen our leading position in the U.S. and global furniture industry. However, we select our targets with prudence to ensure that they match with our culture and can create the greatest value to the shareholders.

5. Improving operational efficiency and rationalizing costs

We continue to leverage our economies of scale and actively cooperate with our major raw materials and finished goods suppliers to increase our procurement efficiencies and improve our supply chain management. We believe that these efforts will further facilitate timely delivery of raw materials and outsourced products at reduced prices and will assist us in more effectively monitoring and controlling our inventory levels. We intend to continue refining our distribution and logistics operations to minimize delivery times and increase flexibility of shipments.

We also seek to shorten product development time and streamline our production process by continuing the close collaboration between our engineering and design teams, thus further improving efficiency and reducing costs. We aim to improve our engineering expertise through in-house development activities, discussions with external consultants and other development programs.

6. Recruiting and training skilled personnel to enhance our team

We believe that the ability to grow as a successful business depends on the quality of our management and employees. We are committed to recruiting, training and retaining skilled and experienced people throughout our operations globally to better serve our customers.

Shareholders' Value and Corporate Governance

The management is committed to continuously creating shareholders' value. The Company puts great emphasis on manageable growth and cost reduction to generate strong cash flow and earning to invest in the future. The superior financial results and shareholders' value will be achieved without compromising integrity and business ethics. By working with the Board and external advisers, the Company will continue to promote transparency and enhance corporate governance.

Appreciation

Finally, I would like to take this opportunity to express my gratitude to my fellow directors, management and employees for their contributions and dedication to the development of the Group and deep thanks to our shareholders, customers, suppliers and business partners for their continued supports.

Shan Huei KUO

Chairman

4 April 2007