

## Chairman's Statement



Mr. HSU Chen Shen, Keen  
Chairman

### **CHAIRMAN'S REPORT**

*I am pleased to present the annual results of Bright International Group Ltd ("Bright" or the "Company" together with its subsidiaries collectively as the "Group") for the year ended 31 December 2005. For the year under review, the Group recorded a turnover of approximately HK\$774,573,000, representing an increase of approximately 5% as compared to HK\$740,654,000 of last year. The profit attributable to ordinary equity holders of the parent for the year amounted to HK\$48,004,000, representing a decrease of approximately 6%, and earnings per share attributable to ordinary equity holders of the parent was HK 9.8 cents (2004: HK 10.4 cents).*

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### Final dividend

The Board of Directors proposed a final dividend of HK4 cents (2004: HK2 cents) per share, the total dividend of the Group for the year was HK4 cents (2004: HK5.5 cents) per share.

### Business Review

In 2005, crude oil prices were maintained at high level, which led to a substantial increase in the cost of raw materials. Coupled with intensified market competition and continued prudent consumption sentiment, the overall business environment remained difficult. Via the Group's stringent cost control measures, improved manufacturing process, products structure and packing, as well as the automatic production, the Group managed to curtail production costs, achieve profitability and sound business development. The Group's major markets continued to record growth in turnover during the year under review. The overall business performance maintained stable, especially in the Canadian market which achieved a remarkable results. Moreover, the last phase of the Group's new factory complex was completed during the year and put into operation which significantly enhanced the Group's productivity.

As at 31 December 2005, the Group's core business, home lighting business, maintained a steady growth, which mainly attributable to the flourishing DIY retail chained enterprises in the North American market. Commercial lighting business also achieved a satisfactory results. A number of projects were completed during the year, which further promoted the brand recognition of "Bright". During the year under review, the Group strove to consolidate its overseas market business, as well as proactively developed the PRC market and strengthened its sale channels and marketing efforts, in order to expedite the Group's future business and profit growths.

During the year under review, the Group successfully acquired R.A.M. Lighting Ltd. ("R.A.M."), a home decorative lighting distributor located in Canada which is principally engaged in the design and distribution of high-end home decorative lighting products. Such acquisition further strengthened the Group's sales network in the North American market and enriched the product mix of the Group by bringing the famous brand of "R.A.M. Lighting" under the Group brand portfolio. Meanwhile, the acquisition provided a good opportunity for the Group to enhance its marketing and sales capability in the North American market, which contributed to increases in the Group's turnover and profits. Given that R.A.M. has rich experiences of sales and product design in the lighting industry for more than 20 years, the Group is confident of gaining stable orders from its existing customers. In line with the Group's overall corporate development strategy, the acquisition will help the Group firmly underpin its leading position in the lighting industry.

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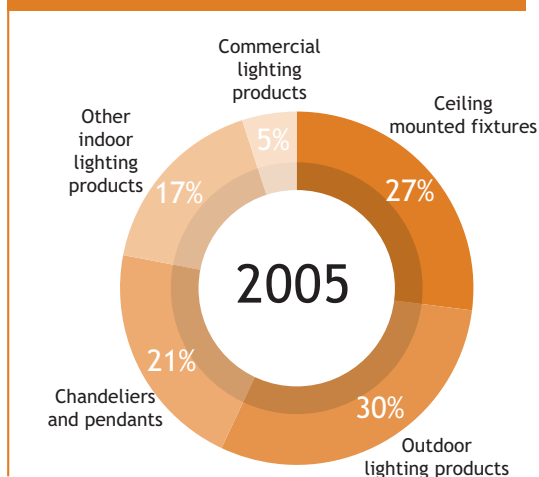
With continuous effort to enhance its production capacity during the year under review, the last phase of the new factory complex in Dongguan was completed, and commenced operation during the year. With an area of approximately 37,000 square meters, it will become the production base for the Group's commercial lighting operation and domestic sales business for PRC market. The Group believe that the new factory complex can provide solid support for the Group's long-term development with its advantage of large-scale production capability. Currently, the total floor area of the Group's production base reached approximately 200,000 square meters, with 30 production lines.

Furthermore, the Group's Bright Lighting Application Center (the "Lighting Center") and "Bright" flagship chain stores in Shanghai were opened during the year. The Lighting Center is the operation headquarters for the Group's development in the PRC market. Capitalizing on its own technology, equipment and exhibition areas, the center will facilitate the communication with the public and promote the concept of advanced lighting via education, sharing, design and sales. As at 31 December 2005, the Group had 152 chain franchise stores. After the establishment of the Lighting Center, the Group's sales team for the PRC market are committed to provide one-stop comprehensive service to customers.

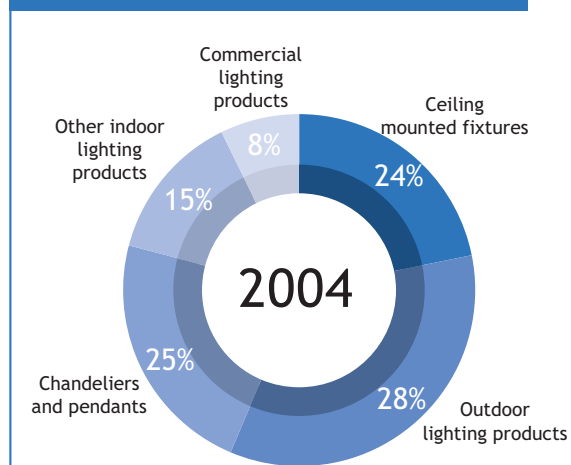
### Products Diversification

For the year ended 31 December 2005, turnover derived from home lighting products of the Group accounted for approximately 95% of the Group's total turnover, of which 30% was derived from outdoor lighting fixtures, 27% from ceiling mounted fixtures, 21% from chandeliers and pendants and 17% from other indoor lighting products. The remaining 5% of the Group's turnover for the Year was derived from commercial lighting products.

Comparison of turnover by products



Comparison of turnover by products



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### Prospects

Looking ahead, the Group expects that the intensified market competition and high cost of raw materials will continue. To ensure the Group's competitive advantages and profitability, the Group will implement more stringent cost control measures, and enhance competitiveness through streamlining its structure. In order to seize rising business opportunities, the Group will continue to develop high value-added and innovative lighting products, and put more marketing efforts in its sale channels, thus enhancing the Group's brand recognition and customer base. By leveraging on its strong research and development capability, ever-expanding business network, scalable production capability and diversified product mix, the Group is committed to becoming a one-stop 360° supplier of lighting products, and continuously building a bright future together with our customers.

### Appreciation

On behalf of the Board of Directors, I would like to express my appreciation to all the Group's staff for their contribution to our overall development throughout the year. Sincere thanks are also extended to all shareholders, investors and customers for their continuous support and encouragement.

**HSU Chen Shen**

*Chairman*

Hong Kong, 20 April 2006