

Chairman's Statement

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 2006. During the year under review, turnover of the Group amounted to approximately HK\$806,413,000, representing an increase of approximately 4% as compared with HK\$774,573,000 in 2005. Profit for the year amounted to approximately HK\$55,325,000, representing an increase of approximately 15%. Basic earnings per share was HK11.3 cents (2005: HK9.8 cents).



*Mr. HSU Chen Shen, Keen
Chairman*

Final Dividend

The Board of Directors recommended the payment of HK2.5 cents per share as the final dividend (2005: HK4 cents) and the total dividend of the Group for the year amounted to HK5.5 cents per share (2005: HK4 cents).

Business Review

In 2006, the arduous business environment for lighting industry prevailed. As crude oil price remained at high level, escalating prices of metals persisted. In addition, the increase in labour costs in China and the appreciation of Renminbi, also imposed severe pressure on the Group's operation and production costs. During the year, the Group proactively implemented cost control measures to alleviate the impact of increasing cost via a number of measures and achieved impressive results. Despite unfavorable market landscape, the Group maintained stable growth in overall results for the year under review.

During the year under review, the Group endeavored to upgrade its production facilities, implement more automatic production process and strengthen operation standard which improve the production efficiency. In addition, the Group further enhanced the existing product structure, reduced product size by using innovative packaging methods and streamlined production process, so as to minimize production costs. Meanwhile, an incentive mechanism was introduced to encourage staff to suggest reform measures and proposals for cost reduction. By establishing the abnormality analysis team, the Group focused on quality management and carried out survey, analysis, review and improvement to defective products and loss caused by abnormality in production, while implementing preventive measures to minimize loss incurred.

Amidst the slowdown of the US property market and the appreciation of Renminbi, which led to an increase in cost, overseas customers adopted a more prudent manner, hampering the growth in number of orders for home lighting products. Capitalizing on effective cost control measures and diversified product series, home lighting business posted stable development during the year under review. With an aim of maintaining competitiveness and enhancing profitability, the Group participated in various international lighting exhibition worldwide, such as Dallas and Las Vegas in the US, Frankfurt in Germany, Russia, Hong Kong, Shanghai and Guangzhou etc., so as to stay abreast with market trend and develop new products to cater for different customer needs.

As the development of the Group's commercial lighting team and products became mature, commercial lighting business in export market recorded substantial growth during the year under review. The Group actively took part in international lighting exhibitions worldwide to introduce its quality commercial lighting products and comprehensive completed hotel projects as reference cases to potential customers, which successfully attracted customers from North America, Europe, the Middle East, Hong Kong and Macau. Currently, the Group has a number of commercial lighting and hotel lighting projects under negotiation and expects this business segment will have ample room for development.

During the year under review, the PRC market continued to consolidate to promote robust development of domestic business, protect the system of franchised chain stores and secure the interest of franchisees, which established a solid foundation for healthy market development. As a result, the Group's business in the PRC market was inevitably affected. Further with market consolidation, the upcoming of several large scale international events to be held in China and the attraction of capital inflow due to Renminbi appreciation propel the development of the PRC property market, boosting the domestic demand for home lighting and commercial lighting products and creating a favorable business environment for the Group's future growth in such market.

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Honours

For the year under review, the Group successfully received extensive recognition from the community with leverage on its unfailing efforts over the past years. The Group was elected as a constituent stock of T-Share Index launched by Standard & Poors and Polaris Securities and was named as one of the "2006 Outstanding Enterprise in Hong Kong" by *Economic Digest* magazine. The group is delighted to obtain these accreditations and is dedicated to achieving impressive results in the future.

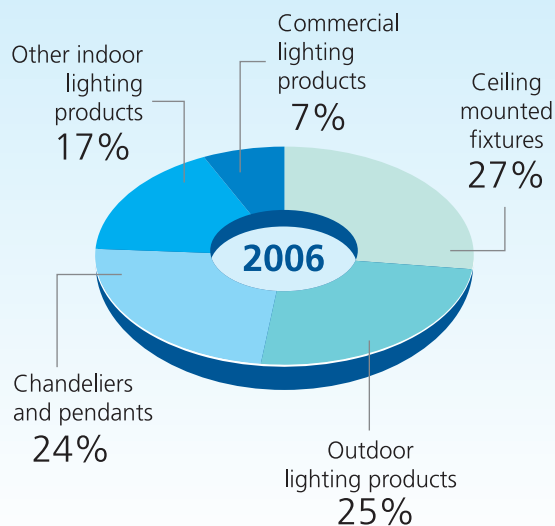
Product Diversification

For the year ended 31 December 2006, turnover derived from home lighting products accounted for approximately 93% of the Group's total turnover, of which 25% was derived from outdoor lighting fixtures, 27% from ceiling mounted fixtures, 24% from chandeliers and pendants and 17% from other indoor lighting products. The remaining 7% of the Group's turnover was derived from commercial lighting products.

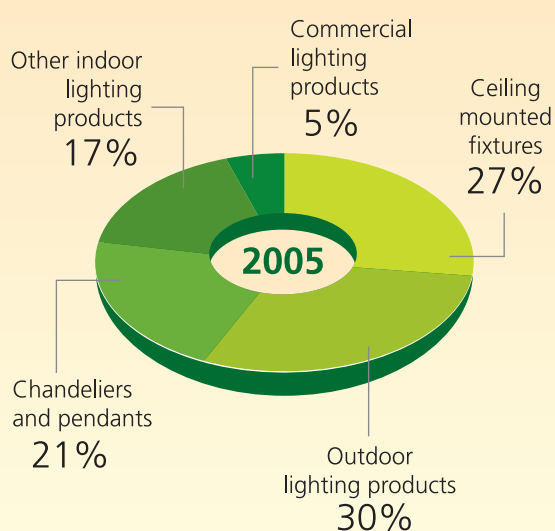
Prospects

Looking ahead, the Group expects raw material prices to maintain at high level, further slowdown of the US economy and property market and the PRC market continue to consolidate. Facing such rigorous business environment, the Group not only implements stringent cost control measures, but also develop for more high value-added and innovative lighting products and strengthens the promotion of sales channels to fortify customer base. As at the end of 2006, a number of new products of the Group were included in the 2007 sales plans of the major customers. In order to cope with the Group's market expansion plan, beside existing market such as Europe, US, the PRC and the Middle East, the Group also successful expanded Mexico market. The Group had entered into an agreement with a leading imported wholesaler in Mexico and secured the first order from such customers. The Group expected sales performance will improve in the future.

Comparison of turnover by products



Comparison of turnover by products





By leveraging on its wealth of experience, extensive sales network, strong research and development capabilities as well as diversified product portfolio, The Group is confident of overcoming the challenges ahead and is committed to become a one-stop 360° provider of lighting products, generating profitable returns to shareholders.

Appreciation

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our shareholders, investors and clients for their continuous support to and confidence in the Group. Furthermore, I would like to thank all the staff members for their dedication and exertions, as well as their valuable contribution to the Group's overall development.

HSU Chen Shen

Chairman

Hong Kong, 18 April 2007

