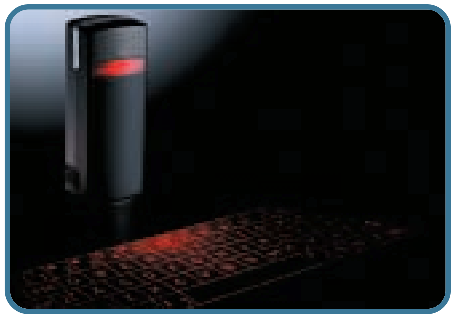
Chairman's Statement

FINANCIAL RESULTS



Bluetooth Virtual Keyboard (BTVKB)

The Group's consolidated turnover for the year remained stable, increasing by 0.7% to HK$2,620.4 million while consolidated earnings before interest expense and taxation ("EBIT") increased by a much stronger 14.1% to HK$225.8 million, reflecting the positive and stabilising effect from the Group's diversification into more stable rental properties income and reducing the Group's dependence on the cyclical toy industry. Profit attributable to shareholders increased by 14.2% to HK$186.0 million and basic earnings per share rose by 14.0% to HK2.77 cents. While continuing to diversify and expand with cautious cost control, the Group has also benefited from the gains on revaluation of its investment properties in Shanghai, the profits from disposal of certain properties, and a gain on disposal of an overseas internet B2B investment.

DIVIDEND

The directors recommend the payment of a final dividend of HK2.2 cents per share in respect of 2005 (2004: HK2.0 cents per share), to shareholders whose names appear on the Register of Members of the Company on 10 May 2006. The Register of Members will be closed from 2 May 2006 to 10 May 2006, both dates inclusive, and the proposed dividend will be paid on 11 May 2006 following approval at the Annual General Meeting.

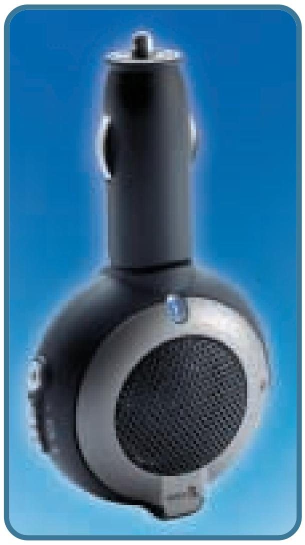
BUSINESS REVIEW

Market conditions remained challenging during 2005. Revenue for the toy operation was stable, reflecting its solid position in the global toy market. The business faced cost pressures from the rising wage levels in China's southern Guangdong province and increased price competition. EBIT decreased by 13.7% as compared with last year. Management will continue to focus on improving and centralising the procurement processes with an aim to reduce costs.

To align with the Group's strategy of transforming into an Original Brand Manufacturer ("OBM") mode of operation and broadening its geographic coverage, the technology operation entered into an investment stage in 2005 with increased expenditure on overseas marketing activities, as a result EBIT declined from HK$52.0 million to HK$14.8 million. It successfully retained its leadership in Bluetooth® mobile telecommunications accessories and continues to gain recognition of its i.Tech brand in the market, an important step forward in the long-term success of the technology operation in pursuit of the Group's investment in OBM strategy. Management aims to further enhance growth by continuously exploring new markets and expanding its distribution base. In 2005, the Group established a presence in Europe with new sales and marketing subsidiaries in United Kingdom and Italy, marking a new era for the Group's expansion of its mobile phone accessories distribution business. The signing of a distribution agreement with 3 Italia of Hutchison Whampoa group ("Hutchison Group") in the fourth quarter provides a good foundation for further expansion into Europe.

Chairman's Statement

The Group's licensing and sourcing operation continued to make good progress. Under the agreement with Warner Bros. Consumer Products Inc ("Warner Bros."), the Group opened a flagship store in Shanghai in January 2006 that will form the cornerstone for further development in retail sub-licensing and product distribution businesses in China.



BlueSPEAK

Total EBIT of the property operation grew by 82.3% from HK$64.6 million in 2004 to HK$117.8 million in 2005, including gains on revaluation of investment properties and profits on disposal of certain properties. Recurring rental income increased by 47.2% to HK$69.0 million, reflecting approximately one month's rental effect of the Group's acquisition of a fully let new commercial property in Shanghai, The Center, in November 2005, thereby generating a steady earnings and cashflows base to help offset the volatility of the Group's other businesses. The acquisition was financed by internal cash resources on hand, the issuance of US$128.2 million 2% convertible notes to a subsidiary of Hutchison Whampoa Limited and a bank borrowing of US$31 million. Its investment in two existing commercial properties in Shanghai, namely Harbour Ring Plaza and Harbour Ring Huang Pu Centre, contributed stable rental income and maintained high average occupancy rates of over 96%.

OUTLOOK

Building on the strong foundations and diversified businesses established in 2005, the Group is in a strong and healthy position to grow all of the Group's businesses.

Sales of toy operation are expected to remain steady, and the business will over time benefit from the consolidation in the market. Management will continue to build its i.Tech brand and expand its market reach through further geographic penetration into Europe and Asia with a view to strengthen its revenue base. The licensing and sourcing operation, notably the cooperation with Warner Bros., will benefit from the anticipated expansion of retail sub-licensing and sales and distribution channels in China. The Group's recently acquired investment property in Shanghai will contribute a full year of rental income in 2006 providing substantial additional rental income to the Group.

In February 2006, Mr. Ko Yuet Ming became non-executive deputy chairman and Ms. Chan Wen Mee, May (Michelle) took up the post of managing director. I would like to thank Mr. Ko, as well as my fellow directors and all the Group's employees, for their professionalism, hard work, loyal support and dedication during 2005.

Fok Kin-ning, Canning
Chairman

Hong Kong, 8 March 2006