

For the year ended 31 December 2000, the Group achieved a turnover of HK\$971,030,000, 10.2% decrease compared to HK\$1,081,836,000 for the year ended 31 December 1999. Profit attributable to the shareholders was HK\$114,046,000, compared to a profit of HK\$5,994,000 in 1999.

During the period the Group realized a portion of its long term investment in *ICG Asia Limited* (formerly *Harbour Ring International Holdings Limited*) resulting in a gain which contributed to the profit as reported above. In late 2000, the Group entered into an agreement to acquire for long term investment purposes the office building at 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong SAR. The building also housed the Group's global headquarters.

Full year 2000 results from the Group's toy operations did not deliver the positive growth in revenue and income as earlier expected. The supply shortage of electronic IC chips had affected the launch plans of a number of the Group's interactive products, and led to reduced sales results and increased costs of inventory disposal. Nevertheless, the strong performance of our interactive toys in 2000 has further validated and strengthened the Group's position as a leading player in those categories.

In the face of an uncertain economic outlook and an increasingly competitive environment, the Group had made a number of realignments to its operational and organizational structures. Internal service and support functions were streamlined so as to promote operational efficiency and reduce resource utilization. During the year, the business and operations of *NeXT Electronix* were assimilated into other Group business units. This reaffirmed our commitment to exploit new technologies as well as their applications to enhance the features and play values of traditional toys.

I am pleased to report that in early 2001, the Group entered into a number of significant license agreements. One of which is with *Disney Consumer Products* to create multiple categories of products capturing the magic of classic *Disney* characters and the stories of the timeless *Disney Princesses*. The *Disney* and other significant licenses offer opportunities of substantial long term income potential. It is the Group's continued priority to identify and invest in suitable license opportunities offered by the multimedia entertainment industry, and work closely with the toy inventing community to bring creative concepts to life and into the hands of children around the world.

I am grateful to our customers, licensors, suppliers and other business partners for their loyal support, and to my colleagues for their dedication, commitment and diligence.

Chan Chun Hoo, Thomas
Chairman

Hong Kong, 17 April 2001