

On behalf of the board of directors (the "Board" or the "Directors"), I present the results of Sky Hawk Computer Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2005.

2005 was a tough year for the Computer Peripherals business, with turnover down 26% last year. Our core business, accounted for 87.6% of turnover for 2005. In order to maintain the profit margin in an industry that faced severe competition, surging prices in metal materials, increasing price in plastic material due to the rise in oil price and pressure of appreciation of RMB, the Group successfully employed new recycling initiatives to make use of stockpiles, and improve its production quality control standards, so as to sustain the gross profit margins at around 13%. Higher administration costs also impacted on the profit and loss account, but it should be noted that a major strategic decision taken by the Board to relocate its factory in the PRC was the primary cause for low turnover and profits during the latter part of the financial year. Production was greatly disrupted between March to August 2005, but it is the strong belief of the Directors that the greater operational efficiency and cost savings brought about by the relocation will have major long-term benefits.

I am also pleased to announce that the Group was able to diversify its business interests in 2005 via the acquisition of 50.01% interest of TechnoStore Limited. The Group then entered into an exclusive sales and distribution agreement of one of the world's famous luxurious watch brand of TechnoMarine in Asia Pacific region from January 2006 for a period of seven years. It is clear that the luxury goods market is fast-expanding in Hong Kong and also in the PRC where expected GDP growth is forecasted at 8% to 9% for 2006. The Board will look to capitalize on this by increasing brand awareness on the Mainland China. More TechnoMarine stores will be opened in first-tier cities, and I am confident that TechnoMarine will appeal to mainland people looking to adopt a trendy, stylish and fashionable western lifestyle. This is a very lucrative market, and we are highly optimistic about the results for 2006.

The Group achieved lower than expected results for 2005 but our vision for how to move forward is clear and I expect this to form a solid foundation for future development. On behalf of the Board, I would like to express our gratitude to our shareholders, customers, suppliers, management and staff for their continuous support to the Company.

**Wang Chia Chin**

*Chairman*

Hong Kong 24 April 2006