

CHAIRMAN'S STATEMENT

TO THE SHAREHOLDERS

On behalf of the Board of Directors (the "Board") of Softbank Investment International (Strategic) Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to announce the audited financial results of the Group for the year ended 31 December 2004.

Over the last year, we have taken the opportunity to recoup and to readjust our objectives and strategies to best suit the reviving market environment, and all general indicators point towards slow, but sure recovery and growth. The Hong Kong economy grew 7.5% in 2004 from a year earlier and property values have also climbed 55% since a mid-2003 slump. The continuing increase in the number of Solo Tours from the Mainland to Hong Kong have also helped fuel the overall economic recovery. Despite the positive outlook, uncertainty continues to stem from a number of external factors, including the instability in world crude oil prices, speculation that local interest rates may be significantly hiked as well as the confusion stemming from the Link Reit fiasco.

Nonetheless, the Group's vigilance and vision over the last few years now seems to be bearing fruit and we believe that the Group has steered itself onto a path of secure growth and profitability. On the back of the recovering economy, the Group's investments seem to be bearing fruit with a number of investee companies successfully establishing themselves in their respective markets and achieving financial progress. The Group's results for the year ended 31 December 2004 have been the most encouraging in the last decade.

RESULTS AND DIVIDENDS

The Group attained a consolidated turnover of HK\$106,403,000 for the year ended 31 December 2004, representing a decrease of approximately 38% over the corresponding year of 2003. The decrease was mainly due to the deconsolidation of SBI E2-Capital Limited, the holding company of a financial services group, as the Group's equity interest in SBI E2-Capital Limited has been reduced from 51% to 49% on 17 December 2003. Consolidated profit attributable to shareholders amounted to HK\$10,122,000, compared with a net loss of HK\$118,424,000 for the corresponding year of 2003. Basic earnings per share was HK0.25 cents (2003: loss per share of HK4.26 cents).

The Board has resolved not to pay any final dividend to shareholders (2003: nil).

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BUSINESS REVIEW

Over the past year, the Group has continued to fine-tune and refocus its business model and direction. Despite the Group's encouraging results and the generally positive economic outlook, we have continued to adopt stringent measures to continue reducing costs and streamlining processes while refocusing our resources to reap the benefits of the continuing recovery and growth of the local market and the continuing growth of the Mainland and regional economy.

The Group has continued to seek out innovative investment opportunities with strong potential while at the same time maintaining its policy of strengthening corporate governance. Apart from meeting regularly to monitor the performance of the various Group companies, senior members of the Group across the board have continued to take a proactive approach in supporting investee companies. The Group has also strived to stay abreast of continuing market trends as well as changes in governing rules and regulations to maximise performance, decrease costs, increase returns and, overall, shareholders' values.

PROSPECTS

The Group maintains an optimistic outlook for the coming year. The territory has seen a healthy increase in activity in the retail, property and stock markets, and all economic indicators point towards sustained overall growth. China's economy is also to grow strongly. GDP growth in the PRC reached 9.5% in 2004, reaccelerating in the last quarter.

We will continue to increase our exposure and seek further opportunities both in Hong Kong, China and in other neighbouring markets prudently and diligently through direct investment, venture capital funds and joint venture programmes with strategic partners. In this connection, the Group is currently engaged in ongoing discussions and negotiations with several parties concerning the construction and operation of a large-scale, state-of-the-art multimedia amusement and entertainment hub in the Macau SAR. The potential partners include a significant Hong Kong company and leading games operators from Japan, Korea, and the USA.

The Group and its potential partners believe that as the number of visitors to Macau grows dramatically over the coming years, there will be an increasing demand for "non-adult" entertainment that caters to young adults, children, and the family. By providing an amusement and entertainment centre that caters to such demand, the Group believes that this will be beneficial to the development of Macau by not only increasing the number of children and young adult visitors to the SAR, but also encouraging more adults to bring along the entire family and stay in the SAR for a longer period. With the currently intended scale of the project and potential partners, the Group also intends to develop Macau into a world-renowned electronic games hub by not only showcasing the latest in electronic gaming on all platforms, but also hosting regular international games tournaments and events. The Group has discussed this proposal with the Macau government and has received positive feedback.

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APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees, shareholders and customers for their continued support and commitment.

YU KAM KEE, LAWRENCE M.B.E., J.P.

Chairman

HONG KONG, 17 March 2005