

# INVESTMENT PORTFOLIO

## FAIR VALUE OF THE PORTFOLIO

The fair value of the portfolio as at 31st December 2004 was as follows:

<b>Investment Portfolio</b>	<b>Date of Investment</b>	<b>Valuation at 31 Dec 2004</b>
China Property Development (Holdings) Limited	April 2002	HKD 78.00 million
Taiyanggong Zone F Project	Oct 2003	HKD 35.00 million
Beijing Far East Instrument Company Limited	Jul 1994	HKD 47.77 million
Quoted Investment – Skyworth		HKD 13.60 million

## CHINA PROPERTY DEVELOPMENT (HOLDINGS) LIMITED (“CPDH”)

The Group invested HKD 78 million in China Property Development (Holdings) Limited (“CPDH”) in February 2002. CPDH held 80% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing), and during the year increased its stake to 100%.

### RICHMOND PARK

The Richmond Park project, is located in the up-market Lido area at the northeastern corner of Beijing outside the Fourth Ring Road. Popular amongst foreigners, major hotels and international schools are situated within the area. With convenient access to major expressways and roads, the Beijing International Airport, CBD and Yansa Business District are all within 10 minutes drive by car. Covering a site area of 125,925 square meters, the project plans to build 294,667 square meters high-end residential space with a product mix of high-rise apartments, condominiums and villas.

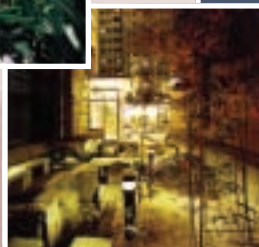
Richmond Park has made good progress in 2004. It launched pre-sale in August and had received good response from the market. Phase I apartments were substantially sold within a four month period. The sales price of Phase I have been adjusted steadily from Rmb 9,300 to Rmb 11,500 per sq. m. The Phase I of Richmond Park consists of 2 high-rise luxury residential buildings and a clubhouse facility, construction works have been commenced in June 2004 and are expected to be fully completed for occupancy in mid 2006.

Phase II and III resettlement works are in progress and construction work will start immediately after site clearance. The pre-sale of the phase II project is expected to commence in September 2005. The high-end residential apartments and condominiums are priced competitively of not less than Rmb13,000 per square meter.

Richmond Park won Asian Creative Design Award for Habitation in Hong Kong on 8th November during the Asian Habitation Summit organized jointly by major property developers and the World Bank. There was only one project received such honor from Beijing. This activity was firstly organized in Hong Kong since the opening and reform of China.

In the 2004 Beijing Real Estate Master Award organized by a leading real estate magazine, Richmond Park was awarded Residential Masterwork of the year, 2004. The activity is regarded as the most authoritative and influential of its kind in the real estate sector.

Organized by Real Estate Consumer Guide magazine, Richmond Park was awarded The Best Property Service Award from voters poll.



## INVESTMENT PORTFOLIO (CONT'D)



### TAIYANGGONG ZONE F PROJECT ("TYG ZONE F")

The TYG Zone F project, also known as Sun Star City, is a 413,000 square meters residential development project targeting the middle sector. It locates between northeast 3rd and 4th Ring Road in Beijing. It is only 2 km from Lufthansa Center, 5 km from China World Trade Center, and 3 km from planned Olympic Village. As the hub of three business districts above, TYG F enjoys convenient and multi-dimensional web of transportation system.

Being one of the 22 pivot government projects in Beijing in 2004, Metro No.10 has already commenced its construction work of phase I. In accordance with the government plan, Metro No.10 will connect Zhongguancun Sci-tech Park, Olympic Game Village, TYG Area, Lufthansa Center, and CBD. Since two stations are planned in the TYG Area, the TYG project will further benefit from the transport infrastructure improvement.

The pre-sales of Phase II was launched in June 2004 and received good public response. The construction work for phase II is in progress, and is expected to be completed in August 2005.

ING Beijing deposited HKD 35 million in the project in October 2003. The deal was guaranteed by the ultimate shareholder of the project in Hong Kong. Due to the delay in the registration of share transfer under joint venture regulations, the guarantor was demanded to repay the investment of HKD35 million.

### BEIJING FAR EAST INSTRUMENT CO., LTD. ("FAR EAST")

In 2004, the sale revenue of Far East increased by 30% and reached Rmb140 million. The profit for the year was Rmb 6 million before stock provision, in which 25% came from the main stream business, the production and sales of measuring instruments and systems. Most of the profit came from the dividend income distributed from its successful joint venture, Beijing Rosemount Far East Instrument Co. Ltd., which produced advanced industrial products.

However, due to the change in products mix, Far East discontinued the production of certain series of products. Inventories of the discontinued products stored over two years had become obsolete and provision was made. Accordingly, the Group shared the loss of approximately HKD 2.9 million of Far East for the year 2004.

In the near term, Far East will implement a four-year business plan to consolidate the business operations, with a target to achieve annual sales revenue of Rmb 400 million by 2008. It will be concentrated on streamlining the production of traditional electrical products as well as restructuring the product composition of Rosemount's business. Far East will increase efforts to explore the business of self-developed systems, which includes the automatic recording system and building integrated control systems.

The Group entered into a conditional agreement to sell 9% out of its equity interest in Far East to Beijing Capital Group Limited in March 2002 for a consideration of Rmb14 million payable over a period of 5 years. As the conditions of the disposal including the settlement of the consideration have not been satisfied, the profit of the disposal has not been accounted for in the financial statements. The Group will continue to share the results of Far East in respect of the unpaid portion of the disposal interest. For the year ended 31 December 2004, Far East declared a final dividend of Rmb 5.1 million of which Rmb1.78 million, representing a 35% of the total dividend, was payable to the Group. In the event that the consideration is not fully settled at the end of the five year period, the equity interest in relation to any unpaid portion of the disposal interest will be transferred back to the Group. The Directors will seek for other opportunities to reduce the Group's interest in Far East.

### QUOTED INVESTMENT

The Company's investment in quoted securities is an investment of 10 million shares in Skyworth Digital Company Limited ("Skyworth"). Skyworth was listed on the Stock Exchange in April 2000. On 30 November 2004, Skyworth was suspended from trading due to an alleged misappropriation of corporate funds and possible fraud by the chairman and other senior managers. Such news exposes Skyworth's share to substantial downside risk when it resumes trading. Accordingly, the Company's investment in Skyworth has been revalued by applying 50% discount of HKD 1.36 per share. The last trading price of the Skyworth's shares before suspension was HKD 2.725.