

## REVIEW OF EXISTING PORTFOLIO

The value of the portfolio as at 30 June 2005 is as follows:

<b>Investee Companies</b>	<b>Date of investment</b>	<b>Value as at 30 Jun 2005</b>
China Property Development (Holdings) Limited	April 2002	HKD78.00 million
Beijing Far East Instrument Company Limited	Jul 1994	HKD47.77 million
Skyworth Digital Company Limited		HKD13.60 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 in late 2004 increased its stake to 100%.

#### Richmond Park

Richmond Park has made significant progress in its sales, planning and development work. The recent measures had minor impact on the Beijing real estate market, evidenced by the market's response to Richmond Park Project. Pre-sales of building A2 in Phase I was launched on 24 June 2005, priced at an average selling price of Rmb12,000 per sq m inclusive of luxurious fitment. A2 is comprised of 22 apartment units with an average size ranging from approximately 191 to 324 sq m. It was well received by the market, in which 9 out of 22 units (40%) were booked within a one week period.

The two other buildings in Phase I are well over 90% sold since its launch in August 2004; representing 288 units of A1, 77 units of A3 sold as of June. Total sales contract value amounted to Rmb664 million; and received payment amounted to Rmb500 million as of June.

The average selling price for the three buildings, that has launched pre-sales, has outperformed the company's projected selling price of Rmb9,700 per sq m. As of June, the average selling price per sq m for A1, A2 and A3 was Rmb10,308, Rmb12,000, and Rmb9,765 respectively.

With the construction work of Phase I in progress, the management of the Project is currently focusing on Phases II (A & B) and III which comprises of approximately 130,000 sq m and 24,000 sq m of residential apartments. The resettlement work has reached the final stages for Phases II A and III, and shall commence site clearance followed by super structure construction very soon.

### **Beijing Far East Instrument Co., Ltd. ("Far East")**

Based on the unaudited management accounts as at 30 June 2005, the profit of Far East amounted to Rmb2.74 million before provisions. It included Rmb2.23 million dividend income from Beijing Rosemount Far East Instrument Co. Limited, the joint venture of Far East with Rosemount Inc. for advanced market segment. Far East made additional provisions on its receivables and inventories according to the aging composition, resulting in a loss of Rmb4.43 million to Far East for the period ended 30 June 2005.

In the board meeting in late January 2005, Far East has resolved to implement a four-year business plan to consolidate its business operations, with a target to increase sales revenue of Rmb400 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.

To explore the business of automatic control systems, Far East will form a joint venture with Beijing Union Partner Co. Limited and Beijing Yu Cheng Sheng Ye Technology Co. Limited to invest into the business of building integrated control system. The partners have participated in the sales and engineering work of air-conditioning system of Yi Cheng Building and He Qiao Ritz hotel apartment, and the building integrated system of Beijing television center. Far East will invest Rmb0.8 million for a 40% shareholding of the joint venture company, Beijing Far East Jia Chuang Building Integrated Control System Co. Limited.

## 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 of Hong Kong Limited 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 certain senior management. Such news expose 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 and stated at HKD1.36 per share at 31 December 2004. The last trading price of the Skyworth's shares before suspension was HKD 2.725 per share.

On 29 June 2005, Skyworth announced its audited interim results and as at 30 September 2004, its NAV per share is HKD1.204, an interim dividend HK2.2 cents per share was announced. On 26 August 2005, Skyworth announced its audited annual results and as at 31 March 2005, its NAV is HKD1.30 per share. A final dividend of HK3.3 cents was announced. The valuation of Skyworth share of HKD1.36 per share remains unchanged at 30 June 2005.