



## CHAIRMAN'S STATEMENT

TO THE SHAREHOLDERS

On behalf of the Board of Directors (the "Board") of Softbank Investment International (Strategic) Limited (the "Company"), I wish to present the annual report of the Company for the financial year ended 31 December 2005.

Over the past year, the Company and its subsidiaries (the "Group") have worked tirelessly to readjust its objectives and strategies to capitalise on the reviving market environment. We believe that this strategy has helped to lay down solid foundations for a turnaround in prospects and will ultimately bear fruit. However, the Group is also in the process of concluding a number of challenges ensuing from previous investments and has yet to gain from the benefits of the revised strategy, which will not be immediately felt.

In light of the above, the Group recorded a consolidated loss attributable to shareholders of HK\$93,594,000 for the year ended 31 December 2005.

We are however, confident of the prospects for the Group in the coming years. Having persevered in recent years to overcome the difficulties stemming from negative market sentiment as well as the challenges experienced by our partner companies, we believe the Group's investment strategy, coupled with the rapid improvement in the local economy, will pave the way for the continuing enhancement of the Group's prospects.

### BUSINESS REVIEW

As a result of the fine-tuning of its investment strategy as well as the increased corporate governance requirements, the Group has continued to focus on its traditional businesses of investment holding, financial services, media, consulting, marketing and technology, as well as garment manufacturing and property holding, taking a proactive approach in affording further management and strategic advisory services to maximise their performance, increase returns and overall shareholders' value.

On the back of the reviving local economy and increase in consumer spending, the Group has placed further resources on working closely with investee companies in the areas of regional advertising and also developing mobile value added services in the Greater China region. The benefits to be gained from this will not be felt immediately, although we are confident that in the coming financial year our efforts will come to fruition.

In addition, we aim to seek out new investment opportunities and pave the way for a refreshing start to the new financial year.



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### PROSPECTS

The work of concluding the challenges ensuing from previous investments is gathering pace and we foresee that, along with the strong recovery of the Hong Kong economy and the sustained growth of the PRC market, our readjustment in building upon our existing areas of strength while at the same time forging new frontiers both geographically and in terms of its investment strategy, will bear fruit as early as the coming year. On the back of this, the Group intends to launch new investment and fund management initiatives.

The Group will continue to maintain its vision in developing strong and diversified investment businesses in the Greater China and the Asia Pacific region through direct investments as well as continuing to participate proactively in the overall strategic planning and business development of investee companies. While continuing to provide management and consultation services to, as well as devising strategies for, existing investee companies to suit the reviving regional market environment, the Group will also be actively planning its future investment strategies in the neighbouring Pearl River Delta region and the South East Asian economies, where it will both cooperate with existing investee companies to expand their markets as well as provide venture capital to more established startup businesses.

After having received and analysed many exciting business and investment proposals over the past year, the Group also anticipates that it may make one or more key and strategic investments and/or partnerships in the coming year which would leverage upon the Group's existing resources and expand the scope of the Group's business in Mainland China.

### APPRECIATION

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

**YU KAM KEE, LAWRENCE** BBS, MBE, JP

*Chairman*

HONG KONG, 30 March 2006