

Investment Portfolio

VALUE OF THE PORTFOLIO

The value of the portfolio as at 31st December 2005 was as follows:

Investment Portfolio	Date of Investment	Cost of investment/ Valuation at 31st Dec 2005
China Property Development (Holdings) Limited	April 2002	HKD 78.00 million
Wuhan Xing Cheng Building	April 2006 (scheduled)	Approximately HKD 38.00 million
Beijing Far East Instrument Company Limited	Jul 1994	HKD 47.77 million
Quoted Investment – China Construction Bank		HKD 10.58 million
Quoted Investment – Skyworth		HKD 11.40 million

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

The Group invested HKD 78 million in China Property Development (Holdings) Limited (“CPDH”) in February 2002. CPDH holds 100% interest in a Beijing residential development project, the Pacific Town Project (marketed as Richmond Park in Beijing).

The project is a high-end residential development project located in the northeast corner of Beijing within the Lido Area of the Chaoyang District, it is situated in an up market district popular with foreigners and the diplomatic community.

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 243,737 square meters high-end residential space with a product mix of high-rise apartments, condominiums and villas.

Pre-sales was launched in late August 2004. The 408 units of the three blocks (Block A1, A2 and A3) of Phase I were substantially sold, with an average selling price of RMB10,517. Phase I of Richmond Park consists of 3 high-rise luxury residential buildings and a clubhouse facility, the construction work is expected to complete and ready for occupancy in mid 2006. Once the ownership is passed to the buyers, the revenue from Phase I can be recognized in the financial statements of CPDH. The Group's profit-sharing ratio in CPDH is 33.42%.

Investment Portfolio (Cont'd)

Phase II-A consists of two blocks, A4 and A5, which have been launched in the market. The construction work of these two blocks has been commenced and was scheduled to be completed in late 2007.

B5, the only block of Phase III, was pre-sold in February 2006, 40% has been sold out within a month, the current price of B5 has leveled up to RMB15,300 sq. m.

Richmond Park won *Asian Creative Design Award for Habitation* in Hong Kong on 8th November 2004 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 the first 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 2004* from voters poll.

In October 2005, Richmond Park was awarded the International Model for Chinese Habitation in the 4th PECC International Trade and Investment Exhibition, which was organized by State Construction Bureau and State Business Bureau.

Investment Portfolio (Cont'd)

WUHAN XING CHENG BUILDING

Wuhan city is the capital of Hubei Province; it is a famous historical and cultural city in China, a central metropolitan in the middle reaches of Yangtze River, national pivotal industrial base, centre of finance, commerce, logistics, information, science and education in Central china, long being reputed as "Oriental Chicago".

Wuhan is located at the geo-economic centre of China, the Beijing-Guangzhou and Beijing-Kowloon trunk railways run from north to south of the city, and it is also at the confluence of Yangtze river and Hanjiang river which run from west to east.

Wuhan Xing Cheng Building is a commercial building situated at the city centre of Jianghan District in Wuhan. It is adjacent to the Wuhan Mobile & Telecommunication Bureau Building in the east, China Southern Airline Building in the west, 70 metres north of the building is Hankou Railway Station and the five-star Oriental Hotel. The building is at proximity to shopping malls, luxury residential apartments and commercial buildings.

Wuhan Xing Cheng Building has 16 floors; the underground floor is public areas and car parks. The first and second floors are areas for shopping purposes; the third to fifteen floors are commercial offices. The Group has approved to acquire Profit Harbour Industrial Limited, a company registered in Hong Kong, which holds the retail floors, Level 1 and Level 2 of Wuhan Xing Cheng Building, and is leased out to CITIC Bank (中信實業銀行武漢分行) and Beijing Illinois (北京伊力諾依家品店).

The acquisition of an equity interest in a company holding two commercial floors of Wuhan Xing Cheng Building is for settlement of the deposit paid for the Taiyanggong Zone F Project, and will provide the Group a guaranteed rental yield of 8% per year.



Investment Portfolio (Cont'd)

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

Based on the unaudited management accounts as at 31st December 2005, Far East achieved 50% increase in revenue to RMB210 million. Its gross profit margin improved from 9.9% in 2003, to 11.5% in 2004 and 12.07% in 2005. Its profit before provisions/impairment losses for the year 2005 was about RMB6 million. In the year 2005, the Group's share of loss of Far East is about HK\$1.8 million. This was because there were additional provisions made for obsolete stocks and impairment losses on an entrusted investment and outstanding receivables.

Far East has succeeded in streamlining the production of traditional electrical products and restructuring the product composition. Far East will concentrate on exploring the business in self-developed systems, which includes the automatic recording system and building integrated control systems.

Investment Portfolio (Cont'd)

QUOTED INVESTMENTS

The Group's investment in quoted securities is an investment of 10 million shares in Skyworth Digital Holdings Limited ("Skyworth"). Skyworth has suspended trading since 30th November 2004 due to an alleged misappropriation of the company's assets by senior management. The Group's investment in Skyworth is valued at HK\$1.36 per share in the suspension period.

Skyworth resumed trading and closed at HK\$1.09 on 11th January 2006. The shares were stated at a directors' valuation of HK\$1.14 per share at the end of December 2005.

On 24th October 2005, the Group subscribed 3,954,000 shares of China Construction Bank Corporation – H shares ("China Construction Bank") at HK\$2.35 per share. At 31 December 2005, the shares were stated at their fair value of HK\$2.675 per share.