



ChongHerr

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Press Release

ChongHerr Investments Limited is pleased to announce that the Company (formerly known as Australian Sandstone Industries Limited) has achieved a historical result for the financial year ending on 31 December 2004. Net Profit after Income Tax has risen to \$461,055 on increased revenue of \$2.99 million.

This result has demonstrated that after 4 years of marketing efforts, the Company's sandstone products (ASI Sandstone) have established a solid grounding amongst the building material industry and property developers in China.

Highlights of 2004

Following a solid year of performance in 2003, the Company continued to grow its operating revenue and profits in 2004. Revenues were up 54% and Net Profit increased by 600%

In 2004, the Company purchased the background tenures of ML50016 and the proposed ML50213. An independent valuation of resources completed in February 2005 has confirmed previous significant resource assessments and quarrying valuations.

During the year, the Company engaged mining experts from Italy and China to evaluate its mining methodology, as a result, a new extraction method using wire saws has been adopted. This has resulted in a decrease in production costs of up to 40%, while the product recovery rate has improved from 10% to up to 45%.

The Future Outlook

The Board is especially excited about the future of the Company given its current position in the Chinese marketplace. The company is well placed to experience rapid growth and profit potential.

As the Chinese economy continues to advance at a high speed, the demand for superior and high quality building material will undoubtedly accelerate.

The Board believes that ChongHerr Investments Limited, being an Australia resource company with the best sandstone resource in the world and strong business connections in China, is well positioned to cater for the demand resulting from growth in the Chinese economy.

ChongHerr Investments Limited is determined to make ASI Sandstone a product of choice within the international building industry.

ASI sandstone, being a high quality natural building material, is renowned for its elegance, high strength and anti-corrosive qualities. The material has passed various authoritative authentication and quality testing, including the Australian Amedel Test and the Chinese Building Material Bureau's Quality Test.

The material is suitable for the construction of luxurious residential properties, holiday resorts libraries, museums, commercial and government buildings.

Many years' marketing development has seen the Company establishing a sales network, which includes

- 302 architectural design companies;
- 520 interior design companies;
- 475 developers;
- 857 stone processing factories, and
- 642 building material merchants.

The Company established its first China sales offices in 2003, and will set up a product development and processing centre in Guangdong Province, China in 2005. These overseas establishments will ensure a more cost-effective and timely service to Chinese customers.

In 2005, the management will continue its strategy of targeting Chinese and other Asian markets by focusing sales, marketing and product developments, and customer service activities in China. Its Australian operation will focus on improving production proficiency and resource management to ensure quality and timely supply to the Chinese market.