

Investment Portfolio

Particulars of the Group's investments are as follows:

(1) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE") HELD DIRECTLY BY THE COMPANY

At 31st March, 2002								
Name of investee company	Place of incorporation	Number of shares/warrants held	Proportion of investee company's capital owned %	Cost	Unrealised gain (loss) arising on revaluation	Market value	Net assets (liabilities) attributable to the Group	
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Note)
At 31st March, 2002								
Shares								
(a)	CEC International Holdings Limited ("CEC International")	Bermuda	7,470,000	1.13	4,771	(2,911)	1,860	3,359
(b)	China Bio-medical Group Limited ("China Bio-medical")	Hong Kong	21,000,000	0.34	6,113	(5,798)	315	(904)
(c)	China Treasure (Greater China) Investments Limited ("China Treasure")	Cayman Islands	250,000	0.24	253	(128)	125	7
(d)	Fast Systems Technology (Holdings) Limited ("Fast Systems")	Cayman Islands	15,000,000	2.5	4,545	(1,215)	3,330	1,573
(e)	Grandmass Enterprise Solution Limited ("Grandmass")	Bermuda	74,900,000	15.6	8,014	(5,018)	2,996	2,178
(f)	Hua Lien International (Holding) Company Limited ("Hua Lien")	Cayman Islands	19,565,309	2.85	11,195	5,044	16,239	17,858
(g)	Proactive Technology Holdings Limited ("Proactive")	Bermuda	1,032,000	0.44	1,438	(1,334)	104	144
					36,329	(11,360)	24,969	
Warrants								
	Quality Food International Limited ("Quality Food")	Bermuda	660,000	-	-	33	33	
					36,329	(11,327)	25,002	

(1) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”) HELD DIRECTLY BY THE COMPANY (Continued)

At 31st March, 2001									
Name of investee company	Place of incorporation	Number of shares/warrants held	Proportion of investee company's capital owned %	Cost HK\$'000	Unrealised gain (loss) arising on revaluation HK\$'000	Market value HK\$'000	Net assets (liabilities) attributable to the Group		
							HK\$'000	HK\$'000 (Note)	
At 31st March, 2001									
Shares									
(e)	Grandmass	Bermuda	36,000,000	9.0	4,044	(444)	3,600	2,686	
(f)	Hua Lien	Cayman Islands	18,627,309	2.71	13,403	(8,094)	5,309	16,021 (restated)	
(g)	Proactive	Bermuda	1,032,000	0.44	1,438	(1,170)	268	246	
(h)	Global Link Cyber International Limited (“Global Link”)	Hong Kong	21,000,000	0.34	6,114	(2,396)	3,718	110	
(i)	Henderson Cyber Limited (“Henderson Cyber”)	Cayman Islands	600,000	0.01	759	(339)	420	12	
(j)	Quality Food	Bermuda	36,598,000	2.61	5,661	(2,477)	3,184	3,575	
(k)	Wah Sang Gas Holdings Limited (“Wah Sang Gas”)	Bermuda	340,000	0.17	2,048	(42)	2,006	308	
					33,467	(14,962)	18,505		
Warrants									
	Quality Food	Bermuda	660,000	-	-	59	59		
					33,467	(14,903)	18,564		

Note: The calculation of net asset attributable to the Group is based on the latest published quarterly reports or annual reports of respective investee companies at the report date.

Investment Portfolio

(1) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE") HELD DIRECTLY BY THE COMPANY *(Continued)*

A brief description of the business and financial information of the listed investee companies, based on their published quarterly reports and annual reports, is as follows:

- (a) CEC International is an investment holding company. Its subsidiaries are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components. Its products are generally used in the manufacture of various kinds of electronic and electrical products.

The unaudited consolidated profit attributable to shareholders of CEC International for the three-month period ended 31st January, 2002 was approximately HK\$2,320,000. As at 31st January, 2002, the unaudited consolidated net asset value of CEC International was approximately HK\$297,219,000.

- (b) China Bio-medical (formerly known as Global Link) is an investment holding company. Its subsidiaries are principally engaged in property investment, pharmaceuticals, biopharmaceuticals, financial services, vessel transportation and trading of sea sand and gravel for construction use.

The audited consolidated loss attributable to shareholders of Bio-medical for the year ended 31st December, 2001 was approximately HK\$298,211,000 (2000: approximately HK\$447,387,000). As at 31st December, 2001, the audited consolidated net liabilities of China Bio-medical was approximately HK\$265,761,000 (2000: consolidated net asset value of approximately HK\$32,450,000).

- (c) China Treasure commenced its operations after the listing of its shares on the Stock Exchange on 28th February, 2002 and is principally engaged in investing listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Taiwan and Macau, in order to achieve medium to long-term capital appreciation.

The audited loss attributable to shareholders of China Treasure for the period from 14th September, 2001 (date of incorporation) to 31st December, 2001 was approximately HK\$280,000. As at 31st December, 2001, the audited net asset value of China Treasure was approximately HK\$2,720,000.

- (d) Fast Systems is an investment holding company. Its subsidiaries are principally engaged in the manufactures and trading of synthetic sapphire watch crystals.

It was listed in on the Growth Enterprise Market ("GEM") of the Stock Exchange on 10th August, 2001.

The audited consolidated profit attributable to shareholders of Fast Systems for the year ended 31st December, 2001 was approximately HK\$1,398,000. As at 31st December, 2001, the audited consolidated net asset value of Fast Systems was approximately HK\$62,913,000.

(1) **EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”) HELD DIRECTLY BY THE COMPANY** *(Continued)*

- (e) Grandmass is principally engaged in the provision of computer consultancy services, software development and trading of computer hardware and software.

The audited consolidated loss attributable to shareholders of Grandmass for the year ended 31st December, 2001 was approximately HK\$22,319,000 (2000: approximately HK\$10,749,000). As at 31st December, 2001, the audited consolidated net asset value of Grandmass was approximately HK\$13,961,000 (2000: approximately HK\$29,850,000).

- (f) Hua Lien is principally engaged in the manufacture, sale and marketing of leather, raw materials sourcing and investments holding. It currently has three production facilities location in the Guangdong Province and Shannxi Province, the PRC. It was listed on the Main Board of the Stock Exchange on 2nd February, 2000.

The audited consolidated profit attributable to shareholders of Hua Lien for the year ended 31st December, 2001 was approximately HK\$42,260,000 (2000: approximately HK\$52,526,000). As at 31st December, 2001, the audited consolidated net asset value of Hua Lien was approximately HK\$626,585,000 (2000: approximately HK\$591,189,000 (restated)).

- (g) Proactive is principally engaged in the design, development and sales of value-added telecommunications products and computer telephony products with focus on business applications.

The audited consolidated loss attributable to shareholders of Proactive for the year ended 31st December, 2001 was approximately HK\$23,544,000 (2000: approximately HK\$5,925,000). As at 31st December, 2001, the audited consolidated net asset value of Proactive was approximately HK\$32,699,000 (2000: approximately HK\$55,978,000).

- (h) Henderson Cyber is principally engaged in internet, telecommunications and high technology services operations. Its business can be categorized into five main areas: (i) Internet services; (ii) data centres; (iii) local wireless fixed telecommunications network services; (iv) intelligent buildings; and (v) strategic investments in information technology companies. It was listed in the GEM on 14th July, 2000.

The audited consolidated loss attributable to shareholders of Henderson Cyber for the period from 10th January, 2000 (date of incorporation) to 30th June, 2000 was approximately HK\$12,028,000. As at 30th June, 2000, the audited consolidated net asset value of Henderson Cyber was approximately HK\$122,943,000.

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(1) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE") HELD DIRECTLY BY THE COMPANY (Continued)

- (i) Quality Food is principally engaged in manufacture and trading of processed eels and eel feed products. It has maintained its leading role in manufacturing premium grade proceeds eels under its brandname Qixiang.

The audited consolidated profit attributable to shareholders of Quality Food for the year ended 30th April, 2000 was approximately HK\$53,005,000. As at 30th April, 2000, the audited consolidated net asset value of Quality Food was approximately HK\$136,981,000.

- (j) Wah Sang Gas is principally engaged in the construction of gas pipelines, production and sale of gas in the PRC.

The audited consolidated profit attributable to shareholders of Wah Sang Gas for the year ended 31st March, 2001 was approximately HK\$67,246,000. As at 31st March, 2001, the audited consolidated net asset value of Wah Sang Gas was approximately HK\$181,135,000.

(2) UNLISTED EQUITY SECURITIES

Name of investee company	Place of incorporation	2002		2001	
		Fair value HK\$'000	Net assets attributable to the Group HK\$'000	Fair value HK\$'000	Net assets attributable to the Group HK\$'000
(a) Asia Vision Technology Limited ("AVT")*	Hong Kong	5,050	44	5,050	583 (restated) (Note i)
(b) GEM Services, Inc. ("GEM Services")	Cayman Islands	5,812	– (Note ii)	5,812	– (Note ii)
(c) Golisa Enterprise Resources Pte. Ltd. ("Golisa")	Republic of Singapore	6,061	22 (Note i)	–	–
(d) Goodwill China Business Information Limited ("Goodwill")*	Hong Kong	1,811	88 (Note i)	1,811	152 (restated) (Note i)
(e) Walcom International Limited ("Walcom")*	British Virgin Islands	1,226	264 (Note i)	–	–
		19,960		12,673	

* held directly by the Company

(2) UNLISTED EQUITY SECURITIES *(Continued)*

Notes:

- (i) The calculation of net asset attributable to the Group is based on the latest audited financial statements or management accounts of respective investee companies at the report date.
- (ii) The Group held 250,000 6% redeemable Series C-2 preference shares of US\$0.001 each (the "Preference Shares") of GEM Services at 31st March, 2002. The Preference Shares are convertible at any time, without the payment of any additional consideration into ordinary shares of GEM Services based on the pre-determined formulae. Therefore, net assets attributable to the Group is not applicable.

A brief description of the business of the unlisted investee companies is as follows:

- (a) AVT is principally engaged in the provision of vision technology consulting services. The Group held approximately 4.5% of AVT's issued share capital at 31st March, 2002. Pursuant to a subscription agreement dated 25th October, 2000, AVT shall issue further shares (the "Shares") to the Group if the audited profit after taxation but before extraordinary items of AVT for the year ending 31st March, 2002 is less than the guarantee profit as defined in the Agreement. In the event that the shareholding percentage of the Group is increased to more than 10% after the Shares are issued, AVT will have an option to purchase such number of shares in AVT which exceed 10% of the then issued share capital of AVT from the Group at a price calculated by a formulae as defined in the Agreement.

As at 31st March, 2002, the unaudited net asset value of AVT was approximately HK\$971,000 (2000: approximately HK\$12,948,000 (restated and audited)).

- (b) GEM Services is principally engaged in the provision of semi-conductor packaging and test services to semi-conductor and electronics manufacturers located in strategic markets throughout Asia and North America. The Group held 250,000 6% redeemable Series C-2 preference shares of US\$0.001 each (the "Preference Shares") at 31st March, 2002. The Preference Shares are convertible at any time, without the payment of any additional consideration into ordinary shares of GEM Services based on the pre-determined formulae.

As at 31st December, 2001, the unaudited consolidated net asset value of GEM Services was approximately HK\$181,849,000 (2000: approximately HK\$239,213,000 (restated and audited)).

- (c) Golisa is principally engaged in the provision of business management and consultancy services, and distribution and development of human resources software solutions. The Group held approximately 12.94% of Golisa's issued share capital at 31st March, 2002.

As at 30th June, 2001, the audited net asset value of Golisa was approximately HK\$173,000.

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(2) UNLISTED EQUITY SECURITIES *(Continued)*

- (d) Goodwill is principally engaged in the sale of information products and the provision of credit checking services. The Group held approximately 3.62% of Goodwill's issued share capital at 31st March, 2002.

As at 31st December, 2001, the unaudited net asset value of Goodwill was approximately HK\$2,433,000 (2000: approximately HK\$4,192,000 (restated and audited)).

- (e) Walcom International Limited

Walcom and its subsidiaries are principally engaged in the provision of physiological and molecular biological solution for animal husbandry and feed industries. Walcom has established the research center and pilot plant in Shanghai in early 2002. The Group held approximately 6% of Walcom's issued share capital at 31st March, 2002. As at 31st March, 2002, there was a loan receivable from Walcom of HK\$3,510,000 (the "Shareholder's Loan") as set out in note 15 to the financial statements.

Pursuant to the shareholders' agreement dated 4th June, 2001 (the "Agreement"), a shareholder of Walcom undertakes to the Company that if the listing of Walcom's shares on any stock exchange does not take place within 30 months after the date of the Agreement or the service agreement for chief executive officer dated 4th June, 2001 (the "Service Agreement") is terminated, save and except under a clause of the Service Agreement, during the three-year fixed period, the Company shall be entitled to a put option whereby the Company shall have the right, within 18 months after the expiration of the said 30 months period or after such termination of the Service Agreement (whichever is applicable), to require that shareholder to purchase Walcom's shares then held by the Company at a price equal to 150% of the issue price of such shares and to take over the Shareholder's Loan then outstanding at a price equal to 150% of the outstanding sum.

As at 31st December, 2001, the unaudited net asset value of Walcom was approximately HK\$4,401,000.

(3) UNLISTED CONVERTIBLE BOND/NOTE HELD DIRECTLY BY THE COMPANY:

Issuer	2002 HK\$'000	2001 HK\$'000	Interest rate	Maturity date
(a) IT Star Holdings Limited ("IT Star Holdings") – unsecured	5,000	5,000	5% per annum	8th December, 2002
(b) Cyberwap Technology Limited ("Cyberwap") – secured	–	4,170	4% per annum	Early redeemed in September 2001
	5,000	9,170		

A brief description of the business of the issuers of the convertible bond/note, is as follows:

- (a) IT Star Holdings is principally engaged in investment holding. Its wholly-owned subsidiary, IT Star Limited, holds a portfolio of technology-driven business.
- (b) Cyberwap is principally engaged in software development, system integration and internet related business.

(4) CASH AND CASH EQUIVALENTS

	2002 HK\$'000	2001 HK\$'000
Cash and cash equivalents	5,389	10,408