

INVESTMENT PORTFOLIO

(Expressed in Hong Kong dollars)

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

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee company's capital owned	Unrealised gain (loss) arising on Cost revaluation		Market value	Net assets (liabilities) attributable to the Group
				'000	'000		
At 31st March, 2003							
(Note)							

At 31st March, 2003

Shares

(a) Friedmann Pacific Greater China Investments Ltd. ("Friedmann")	Cayman Islands	6,000,000	7.48	7,328	(5,318)	2,010	2,837
(b) Hua Lien International (Holding) Company Limited ("Hua Lien")	Cayman Islands	7,183,309	1.05	4,280	1,251	5,531	6,808
(c) Proactive Technology Holdings Limited ("Proactive")	Bermuda	1,032,000	0.44	1,438	(1,389)	49	99
				13,046	(5,456)	7,590	

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(Expressed in Hong Kong dollars)

(1) Equity securities listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") held directly by the Company (continued)

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

Note: The calculation of net assets (liabilities) attributable to the Group is based on the latest published interim reports or annual reports of the respective investee companies at the report date.

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(Expressed in Hong Kong dollars)

(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 interim reports and annual reports, is as follows:

- (a) Friedmann is principally engaged in investment in equity, equity-related and debt securities issued by enterprises established in or having significant operations in the People's Republic of China (the "PRC").

The audited consolidated profit attributable to shareholders of Friedmann for the period from 26th April, 2002 (date of incorporation) to 30th September, 2002 was approximately HK\$1,864,000. As at 30th September, 2002, the audited consolidated net asset value of Friedmann was approximately HK\$37,932,000.

- (b) 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.

The audited consolidated profit attributable to shareholders of Hua Lien for the year ended 31st December, 2002 was approximately HK\$30,052,000 (2001: approximately HK\$42,260,000). As at 31st December, 2002, the audited consolidated net asset value of Hua Lien was approximately HK\$648,400,000 (2001: approximately HK\$626,585,000).

- (c) 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, 2002 was approximately HK\$9,900,000 (2001: approximately HK\$23,544,000). As at 31st December, 2002, the audited consolidated net asset value of Proactive was approximately HK\$22,431,000 (2001: approximately HK\$32,699,000).

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(Expressed in Hong Kong dollars)

(1) Equity securities listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") held directly by the Company (continued)

- (d) 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.

- (e) China Bio-medical 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. As at 31st December, 2001, the audited consolidated net liabilities of China Bio-medical was approximately HK\$265,761,000.

- (f) 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 in 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.

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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)*

- (g) Fast Systems is an investment holding company. Its subsidiaries are principally engaged in the manufacture 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.

- (h) 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. As at 31st December, 2001, the audited consolidated net asset value of Grandmass was approximately HK\$13,961,000.

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(2) Unlisted equity securities

Name of investee company	Place of incorporation	2003		2002	
		Fair value '000	Net liabilities attributable to the Group '000	Fair value '000	Net assets attributable to the Group '000 (As restated)
(a) Asia Vision Technology Limited ("AVT")*	Hong Kong	-	-	5,050	105 (Note i)
(b) GEM Services, Inc. ("GEM Services")	Cayman Islands	-	-	5,812	- (Note ii)
(c) Golisa Enterprise Resources Pte. Ltd. ("Golisa")	Republic of Singapore	3,061	(58) (Note i)	6,061	22 (Note i)
(d) Goodwill China Business Information Limited ("Goodwill")*	Hong Kong	-	-	1,811	88 (Note i)
(e) Walcom International Limited ("Walcom")*	British Virgin Islands	-	-	1,226	264 (Note i)
		<u>3,061</u>		<u>19,960</u>	

* held directly by the Company at 31st March, 2002.

Notes:

- (i) The calculation of net assets (liabilities) 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.

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(2) Unlisted equity securities *(continued)*

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 ("the Subscription Agreement"), AVT should issue further shares (the "Shares") to the Group if the audited profit after taxation but before extraordinary items of AVT for the year ended 31st March, 2002 was less than the guarantee profit as defined in the Subscription 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 Subscription Agreement.

As at 31st March, 2002, the restated audited net asset value of AVT was approximately HK\$2,325,000. During the year ended 31st March, 2003, the Group disposed of its entire interest in AVT to Amplus International Investments Limited ("Amplus"), the associate of the Group.

- (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. During the year ended 31st March, 2003, the Group disposed of 70.02% interest in the issue share capital of Amplus which held the Preference Shares in GEM Services at 31st March, 2003.

- (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 12.29% of Golisa's issued share capital at 31st March, 2003.

As at 30th June, 2002, the audited net liabilities of Golisa was approximately HK\$472,000 (2001: net asset value of 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. During the year ended 31st March, 2003, the Group disposed of its entire interest in Goodwill to Amplus, the associate of the Group.

- (e) 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 "Shareholders' loan") as set out in note 17 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 shareholders' 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. During the year ended 31st March, 2003, the Group acquired 180,000 ordinary shares of US\$1 each in Walcom by capitalization of the Shareholder's Loan as set out in note 17 to the financial statements. After the acquisition, the Group held approximately 6% of Walcom's issue share capital. The Group disposed of its entire interest in Walcom to Amplus, the associate of the Group during the year ended 31st March, 2003.

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(3) Unlisted convertible bond held directly by the Company:

Issuer	2003 '000	2002 '000	Interest rate	Maturity date
IT Star Holdings Limited ("IT Star Holdings") – unsecured (Note)	–	5,000	5% per annum	Disposed in November, 2002
	<u> </u>	<u> </u>		

Note: IT Star Holdings is principally engaged in investment holding. Its wholly-owned subsidiary, IT Star Limited, holds a portfolio of technology-driven business. During the year ended 31st March, 2003, the Group disposed of the unlisted convertible bond.

(4) Cash and cash equivalents

	2003 '000	2002 '000
Cash and cash equivalents	<u>37</u>	<u>5,389</u>