

REVIEW OF THE UNLISTED PORTION INVESTMENTS

As at 30 June 2003, the Unlisted Portion comprised two active investments as set out below.

A-S China Plumbing Products Limited ("ASPPL")

ASPPL was established in 1994 to produce and distribute a complete line of sanitary-ware products through the acquisition of several joint ventures in China. ASPPL is a subsidiary of American Standard Inc. ("ASI"). ASI is based in the US and is listed on the New York Stock Exchange. ASI manufactures products for various industries, including: air conditioning; bathroom and kitchen fixtures and fittings; automotive braking; and, vehicle control systems. ASI's brands include Trane, American Standard, Ideal Standard, Standard, Porcher, Jado, Armitage Shanks, Dolomite and Wabco. ASI has granted to ASPPL the exclusive rights to license trademarks owned by ASI for plumbing products in China.

Subsequent to the interim reporting date, on 11 July 2003, ASPPL obtained a listing by way of introduction on the Growth Enterprise Market ("GEM") in Hong Kong. The conditions of the proposed distribution in specie of shares in ASPPL (the "Distribution") to the Company's shareholders were satisfied in full shortly before the listing of ASPPL. Accordingly, the Distribution proceeded just prior to the listing of ASPPL in accordance to the announcement (the "Announcement") made by the Company on 19 June 2003. Under the Distribution, eligible shareholders were allocated two ASPPL shares for every five HCF shares held as described in the Announcement.

As a result of the Distribution, the Company substantially realised its investment in ASPPL in July 2003. The Company had fully realised its investment in ASPPL as at 3 September 2003.

New World Sun City Limited ("NWSC")

NWSC was incorporated in Hong Kong in 1992 to develop Dongguan New World Gardens (the "Project") near Dongguan, Guangdong Province. The Project involves the development and sale of detached houses, semi-detached houses, low-rise and high-rise apartments.

In October 2002, NWSC undertook to realise and distribute to its shareholders, their pro-rata share of its liquid assets, and the Company agreed to sell its residual investment in NWSC.

The Company realised its investment in NWSC in full during August 2003, having received total proceeds of US\$12.8 million compared with the original cost of US\$7.3 million.