

Investment Portfolio

Particulars of the Group's investments are as follows:

(1) Equity securities listed on the Stock Exchange

Name of investee company	Place of incorporation	Number of shares/ warrants held	Proportion of investee's capital owned %	Cost HK\$'000	Market value at 31st December, 2000 HK\$'000	Unrealised gain (loss) arising on revaluation HK\$'000	Net assets attributable to the Group HK\$'000
At 31st December, 2000							
Shares							
(a) Champion Technology Holdings Limited	Cayman Islands	500,000	0.01%	351	111	(240)	233 (Note i)
(b) DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	–	–	–	– (Note i)
(c) Everest International Investments Limited ("Everest") *	Cayman Islands	30,000,000	14.52%	10,000	9,300	(700)	8,281 (Note i)
(d) Harmony Asset Limited*	Cayman Islands	52,500,000	5.76%	9,987	6,300	(3,687)	9,220 (Note i)
(e) Lamex Holdings Limited*	Bermuda	105,000,000	2.74%	7,333	4,725	(2,608)	12,963 (Note i)
(f) Prime Success International Group Limited	Cayman Islands	22,500,000	1.50%	16,523	2,587	(13,936)	6,752 (Note i)
(g) Tonic Industries Holdings Limited	Cayman Islands	6,899,200	1.09%	5,018	2,829	(2,189)	3,679 (Note i)
(h) Tysan Holdings Limited	Bermuda	5,150,000	0.70%	3,516	1,128	(2,388)	4,690 (Note i)
				52,728	26,980	(25,748)	
Warrants							
Champion Technology Holdings Ltd.	–	100,000	–	–	5	5	
Harmony Asset Limited*	–	7,500,000	–	–	225	225	
				–	230	230	
				52,728	27,210	(25,518)	

Investment Portfolio

(1) Equity securities listed on the Stock Exchange (continued)

Name of investee company	Place of incorporation	Number of shares/ warrants held	Proportion of investee's capital owned %	Cost HK\$'000	Market value at 31st December, 1999 HK\$'000	Unrealised gain (loss) arising on revaluation HK\$'000	Net assets attributable to the Group HK\$'000
At 31st December, 1999							
Shares							
(d) Harmony Asset Limited*	Cayman Islands	52,500,000	6.84%	9,987	15,225	5,238	11,045 (Note i)
(e) Lamex Holdings Limited*	Bermuda	70,000,000	3.17%	5,926	12,950	7,024	15,169 (Note i)
(f) Prime Success International Group Limited	Cayman Islands	22,500,000	1.50%	16,523	5,400	(11,123)	6,836 (Note i)
(g) Tonic Industries Holdings Limited	Cayman Islands	6,899,200	1.22%	5,018	7,452	2,434	3,503 (Note i)
(h) Tysan Holdings Limited	Bermuda	5,150,000	0.70%	3,516	2,163	(1,353)	4,550 (Note i)
				<u>40,970</u>	<u>43,190</u>	<u>2,220</u>	
Warrants							
Prime Success International Group Limited Warrant 2000	—	4,500,000	—	—	81	81	
Tonic Industries Holdings Limited Warrant 2000	—	704,000	—	—	450	450	
				<u>—</u>	<u>531</u>	<u>531</u>	
				<u>40,970</u>	<u>43,721</u>	<u>2,751</u>	

Investment Portfolio

(2) Unlisted equity security

Name of investee company	Place of incorporation	2000 HK\$'000	1999 HK\$'000
(a) Everest (Note ii) *	Cayman Islands	–	10,000
(b) 天津標準國際建材工業有限公司 Tianjin Standard International Building Materials Industry Co., Ltd. ("Tianjin Standard") (Note iii)	The PRC	17,461	–
		<u>17,461</u>	<u>10,000</u>

(3) Unlisted convertible loan notes

Issuer	Principal amount	Interest rate	Maturity Date
	2000 HK\$'000	1999 HK\$'000	
(a) Dynamic Venture Enterprises Limited – secured	6,750	13,500	15% per annum** 31st December, 2001
(b) Koffman Limited – unsecured*	–	9,000	N/A On default (Note iv)
(c) Gold Canal International Limited ("Gold Canal") – unsecured	–	17,500	15% per annum 28th August, 2000 (Note iii)
	<u>6,750</u>	<u>40,000</u>	

* held directly by the Company

** interest rate was changed to 8% per annum since 21st March, 2001

Notes:

- (i) The calculation of net assets attributable to the Group is based on the latest published annual reports or accountants' reports of respective investee companies at the report date.
- (ii) Everest is an investment company which holds investments for medium to long-term capital appreciation purposes. The shares of Everest were listed on the Stock Exchange on 12th December, 2000. The Group held approximately 14.52% of Everest's issued share capital at 31st December, 2000.
- (iii) Pursuant to various agreements entered into in December 2000, the Group acquired all the issued share capital of Gold Canal for a nominal value, changed the terms of the convertible loan note such that it becomes interest-free and has neither fixed repayment terms nor the right to conversion. Gold Canal's sole asset is an investment in a 21% equity interest in Tianjin Standard which is principally engaged in the manufacture and trading of building materials and the provision of related consultancy services. In the opinion of the directors, following the acquisition of Gold Canal by the Group, the Group is not in a position to exercise any significant influence over the financial and operating policies of Tianjin Standard. Accordingly, Tianjin Standard is accounted for as an investment security.
- (iv) The Group currently has legal proceedings against Koffman Limited in relation to the default in payment for the principal amount and the related interest of a convertible loan note held by the Group. Full provisions have been made against the principal amount of convertible loan note of HK\$9,000,000 and the accrued interest receivable of HK\$363,000.

(4) Cash and cash equivalents

	2000	1999
	HK\$'000	HK\$'000
Cash and cash equivalents	7,112	5,725

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

- (a) Champion Technology Holdings Limited ("Champion") is principally engaged in the development of internet systems and networks, software and proprietary technologies, provision of telecommunications services and operation of telecommunications networks, manufacture of telecommunications equipment and investments in e-commerce and telecommunications projects.

The audited consolidated profit attributable to shareholders of Champion for the year ended 30th June, 2000 was approximately HK\$303,855,000. As at 30th June, 2000, the audited consolidated net asset value of Champion was approximately HK\$2,331,399,000.

Investment Portfolio

- (b) DIGITALHONGKONG.COM ("Digital") is principally engaged in facilitating web-based transactions by providing outsourcing services for an integrated e-commerce solution designed to enable any company to extend its business to the Internet.

The audited consolidated loss attributable to shareholders of Digital for the year ended 30th June, 2000 was approximately HK\$9,262,000. As at 30th June, 2000, the audited consolidated net assets value was approximately HK\$19,018,000.

- (c) Everest principally holds investments for medium to long-term capital appreciation purposes. The shares of Everest were listed on the Stock Exchange on 12th December, 2000.

The audited consolidated profit attributable to shareholders of Everest for the six months ended 30th September, 2000 was approximately HK\$1,698,000. As at 30th September, 2000, the audited consolidated net asset value of Everest was approximately HK\$57,035,000.

- (d) Harmony Asset Limited ("Harmony Asset") is principally engaged in investment in securities listed on the Stock Exchange and unlisted investments with a potential for earnings growth and capital appreciation.

The audited consolidated loss attributable to shareholders of Harmony Asset for the year ended 31st December, 2000 was approximately HK\$37,789,000 (1999: profit of HK\$14,794,000). As at 31st December, 2000, the audited consolidated net asset value of Harmony Asset was approximately HK\$160,061,000 (1999: HK\$161,475,000).

- (e) Lamex Holdings Limited ("Lamex") is principally engaged in the manufacture and trading of office and home furniture together with supply and installation of kitchen cabinets.

The audited consolidated loss attributable to shareholders of Lamex for the year ended 30th April, 2000 was approximately HK\$63,988,000 (1999: HK\$10,902,000 (restated)). As at 30th April, 2000, the audited consolidated net asset value of Lamex was approximately HK\$473,116,000 (1999: HK\$478,512,000 (restated)).

- (f) Prime Success International Group Limited ("Prime Success") is principally engaged in the manufacturing, trading, distribution, wholesaling and retailing of footwear products.

The audited consolidated profit attributable to shareholders of Prime Success for the year ended 31st December, 1999 was approximately HK\$33,885,000 (1998: HK\$10,918,000). As at 31st December, 1999, the audited consolidated net asset value of Prime Success was approximately HK\$450,105,000 (1998: HK\$455,718,000 (restated)).

Investment Portfolio

- (g) Tonic Industries Holdings Limited ("Tonic") is principally engaged in the design, manufacture and marketing of consumer audio products.

The audited consolidated profit attributable to shareholders of Tonic for the year ended 31st March, 2000 was approximately HK\$71,300,000 (1999: HK\$68,945,000). As at 31st March, 2000, the audited consolidated net asset value of Tonic was approximately HK\$337,522,000 (1999: HK\$287,160,000).

- (h) Tysan Holdings Limited ("Tysan") is principally engaged in foundation piling, provision of electrical and mechanical services, provision of building and construction work, machinery hiring and trading, property development, property investment, investment holding, general trading and trading of construction equipment.

The audited consolidated profit attributable to shareholders of Tysan for the year ended 31st March, 2000 was approximately HK\$12,897,000 (1999: a loss of HK\$255,689,000 (restated)). As at 31st March, 2000, the audited consolidated net asset value of Tysan was approximately HK\$669,971,000 (1999: HK\$650,032,000 (restated)).

A brief description of the business of the issuers of the convertible loan notes is as follows:

- (a) Dynamic Venture Enterprises Limited holds a 30% equity interest in Baoding Standard International Building Material Co., Ltd., a company established in the People's Republic of China which is principally engaged in the manufacture and trading of building materials.
- (b) Koffman Limited is principally engaged in investment holding, financial and securities brokerage services and food-related business in Hong Kong.