

Particulars of the Group's investments are as follows:

(1) Equity securities listed on The Stock Exchange of Hong Kong Limited:

Name of investee company	Place of incorporation	Number of shares/ warrants held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Unrealised gain (loss) arising on revaluation HK\$'000	Net assets attributable to the Group HK\$'000
<b>At 31st December, 2001</b>							
<b>Shares</b>							
(a) Champion Technology Holdings Limited	Cayman Islands	1,000,000	0.007%	351	81	(270)	205 (Note i)
(b) DIGITALHONGKONG. COM	Cayman Islands	648	0.0004%	-	-	-	- (Note i)
				351	81	(270)	
<b>At 31st December, 2000</b>							
<b>Shares</b>							
(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	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)	
<b>Warrants</b>							
Champion Technology Holdings Limited	-	100,000	-	-	5	5	
Harmony Asset Limited*	-	7,500,000	-	-	225	225	
				-	230	230	
				52,728	27,210	(25,518)	

# Investment Portfolio

## (2) Unlisted equity security

Name of investee company	Place of incorporation	2001 HK\$'000	2000 HK\$'000
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 ii)	The People's Republic of China (the "PRC")	<b>17,461</b>	17,461

## (3) Unlisted convertible loan notes

Issuer	Principal amount		Impairment loss recognised		Fair value		Interest rate	Maturity Date
	2001	2000	2001	2000	2001	2000		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(a) Assets Planning Limited – unsecured*	<b>9,500</b>	–	–	–	<b>9,500</b>	–	5% per annum	31st December, 2003
(b) Dynamic Venture Enterprises Limited ("Dynamic Venture") – secured	<b>13,500</b>	13,500	<b>(13,500)</b>	(6,750)	–	6,750	8% per annum	On default (Note iii)
(c) Kellerton Industries Limited – unsecured*	<b>9,500</b>	–	–	–	<b>9,500</b>	–	5% per annum	31st December, 2003
(d) JRB Limited (formerly known as Koffman Limited) – unsecured*	<b>9,000</b>	9,000	<b>(9,000)</b>	(9,000)	–	–	16% per annum	On default (Note iv)
(e) IPO43.com Limited – unsecured*	<b>2,995</b>	–	–	–	<b>2,995</b>	–	5% per annum	31st December, 2003
	<b>44,495</b>	22,500	<b>(22,500)</b>	(15,750)	<b>21,995</b>	6,750		

\* held directly by the Company.

## Notes:

- (i) The calculation of net assets attributable to the Group is based on the latest published interim reports, annual reports or accountants' reports of the respective investee companies as available at the report date.
- (ii) Pursuant to various agreements entered into in December 2000, the Group acquired all the issued share capital of Gold Canal International Limited ("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 unlisted equity security.
- (iii) Pursuant to the subscription agreement entered into on 14th January, 1999, the convertible loan note was secured, bore interest at 15% per annum and had a maturity date on 31st December, 2000. On 21st March, 2001, the Group entered into the Deed of Variation to change the interest rate from 15% per annum to 8% per annum. The maturity date was extended from 31st December, 2000 to 31st December, 2001. At 31st December, 2001, Dynamic Venture defaulted on the repayment of its convertible loan note held by the Company. The Group is still negotiating the repayment terms with Dynamic Venture.
- (iv) The Group currently has legal proceedings against JRB Limited in relation to its default in payment for the principal amount and the related interest of a convertible loan note held by the Group. Full provision has 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

	<b>2001</b>	2000
	<b>HK\$'000</b>	HK\$'000
Cash and cash equivalents	<b>4,638</b>	7,112

A brief description of the business and financial information of the listed investee companies, based on their published interim reports, annual reports or accountant's 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 unaudited consolidated profit attributable to shareholders of Champion for the six-month period ended 31st December, 2001 was approximately HK\$101,485,000 (the year ended 30th June, 2000: HK\$303,855,000 (audited)). As at 31st December, 2001, the unaudited consolidated net asset value of Champion was approximately HK\$2,928,511,000 (as at 30th June, 2000: HK\$2,331,399,000 (audited)).

- (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 unaudited consolidated profit attributable to shareholders of Digital for the six-month period ended 31st December, 2001 was approximately HK\$203,000 (the year ended 30th June, 2000: loss of HK\$9,262,000 (audited)) . As at 31st December, 2001, the unaudited consolidated net asset value was approximately HK\$15,871,000 (as at 30th June, 2000: HK\$19,018,000 (audited)).

- (c) Everest International Investments Limited (“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-month period 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. As at 31st December, 2000, the audited consolidated net asset value of Harmony Asset was approximately HK\$160,061,000.

- (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. As at 30th April, 2000, the audited consolidated net asset value of Lamex was approximately HK\$473,116,000.

- (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. As at 31st December, 1999, the audited consolidated net asset value of Prime Success was approximately HK\$450,105,000.

- (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. As at 31st March, 2000, the audited consolidated net asset value of Tonic was approximately HK\$337,522,000.

- (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. As at 31st March, 2000, the audited consolidated net asset value of Tysan was approximately HK\$669,971,000.

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

- (a) Assets Planning Limited is principally engaged in property development in Hong Kong.
- (b) Dynamic Venture Enterprises Limited is principally engaged in investment holding. The company holds a 30% equity interest in Baoding Standard International Building Material Co. Ltd., a company established in the PRC which is principally engaged in the manufacture and trading of building materials.
- (c) Kellerton Industries Limited is principally engaged in investment holding. The company holds indirectly 40% and 50% equity interests in 大鷹藥業(開封)有限公司 and 新世界海天(信陽)豫南製藥有限公司 respectively. 大鷹藥業(開封)有限公司 and 新世界海天(信陽)豫南製藥有限公司 are registered in the PRC and are principally engaged in the biotechnological production.
- (d) JRB Limited is principally engaged in investment holding, financial and securities brokerage services and food-related business in Hong Kong.
- (e) IPO43.com Limited is principally engaged in facilitating web-based transactions by providing outsourcing information of public relation, financial intelligence, entertainment and investment and opportunity exchange service in Hong Kong.