Name	Amount (US$ million)	Shareholding (%)	Date Invested/ Approved	Provision made (US$ million)
1) Shenzhen SPEC Plastics Holdings Co., Ltd.	5.54	28.05	June 1992	2.72
2) Suzhou Universal Chain Transmission Co., Ltd. *	1.68	30.00	December 1992	0.93
3) Wuxi United Iron & Steel Co., Ltd. *	7.38	25.00	July 1993	7.38
4) Dezhou Zhenhua Glass Co., Ltd. *	3.20	30.00	May 1994	3.20
5) Wuxi Tristar Iron & Steel Co., Ltd*.	6.95	25.00	August 1994	6.95
6) Zhongshan Dongfu Road and Bridge Investment Co., Ltd.	9.10	35.00	March 1995	—
7) Shandong Lukang Pharmaceutical Co., Ltd.	9.59	17.45	April 1995	—
8) Wuxi Huate Steel Strip Co., Ltd.*	1.88	29.75	December 1995	—
9) First Shanghai Investments Limited	13.80	21.16	September 1998	—
10) Wuxi Huasheng Precision Alloy Material Co., Ltd. *	0.51	29.75	October 2000	—
11) Communication Over The Air Inc.*	1.20	13.33	October 2002	—
	60.83			21.18

* *Held indirectly by the Company*

Long-term Investments

First Shanghai Investments Ltd. ("FSIL")

FSIL achieved a stable operating result in 2002 but overall profit dropped compared to that of 2001, during which additional gains from the disposal of two investments were recorded.

Despite the depressed market conditions, both its brokerage service division and corporate finance division achieved satisfactory results. The corporate finance division completing four IPO sponsorships during the year. Its child products business also recorded steady growth and the preparation for its IPO was under way.

During the year, FSIL also entered the property development business and commenced a residential development project in the Pudong New Area of Shanghai, China. In addition, the development of a four-star hotel in Kunshan Economy & Technology Development District was launched and expected to be completed at the end of 2004. The management of FSIL believes that the hotel project could bring in a stable stream of cash flow in the future.

As at 31st December 2002, the share of net asset value of FSIL by the Group amounted to US$27.25 million, representing 33.48% of the net asset value of the Group.

Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang")

Operating performance of Lukang was substantially improved in 2002, recording an increase of profit after taxation of 38.5% over the previous year. According to the management of Lukang, such improvement was mainly due to adjustment of the products mix, increase of export sales and successful reduction of production costs. Furthermore, net profit for the year was also boosted by a tax policy on domestic production equipment investment which enabled Lukang to offset part of its profit tax during the year. As Lukang continued to adopt a proactive strategy in developing new markets, it is expected that overall production utilization rate would be enhanced and a better result might be achieved in 2003.

Regarding the new share issue of Lukang, the issuing process was temporarily suspended by the CSRC at the final stage in December 2002. Unconfirmed sources indicated that the CSRC had received a report accusing Lukang of mis-stating its sales turnover. A team was subsequently sent by the CSRC to investigate the matter. An announcement was made by Lukang in March 2003 stating that it had received notification from the CSRC that the accusation against Lukang was found to be with insufficient evidence. As a result, Lukang is preparing to resume the new share issuance as soon as possible.

As at 31st December 2002, the share of net asset value of Lukang by the Group amounted to US$26.01 million, representing 31.96% of the net asset value of the Group.

Long-term Investments *(Continued)*

Communication Over The Air Inc. ("COTA")

During the year, the Group had acquired 13.33% interests in COTA for a consideration of US$1.2 million. COTA is a leading provider of mobile data services in China.

Although COTA was only set up in March 2002, it had recorded substantial growth during the period and achieved certain significant milestones such as winning the Grand Prize (game category) in the China Mobile-Ericssion MMS competition. It also obtained the exclusive rights for providing related mobile data service for the movie "Hero". As at the end of 2002, COTA had launched a total of 20 GPRS products on Monternet of China Mobile and was ranked among the top positions in China Mobile's GPRS service providers.

As a result of strong revenue growth, COTA outperformed the budgeted sales and EBITA (earnings before interest, tax and amortisation) by 47% and 25% respectively for the 9-month period ended 31st December 2002. The management of COTA aims to achieve a decent profitability in 2003.

Shenzhen SPEC Plastics Holdings Co., Ltd. ("SPPC")

During the year, the Company continued to negotiate with SPPC and its holding company - SPEC to resolve the unauthorized guarantee issue. In October 2002, the Company instituted legal proceedings in a PRC court against SPEC for breach of the PRC Company Law and the Articles of Association of SPPC. The PRC court delivered a judgement in January 2003 by which SPEC was required to pay the Company a total sum of RMB71.4 million (approximately US$8.6 million). As SPEC was in a net liability position and could not settle the judgement in cash, the Company had entered into a settlement agreement with SPEC in March 2003 under which SPEC would swap its interests in two companies in the PRC (i.e. 90.57% interest in a pharmaceutical company and 5% interest in an air-conditioner manufacturing company) with the Company's interests in SPPC. Upon completion of all procedures in relation to the transfer of interests from SPEC to the Company, the Company would fully discharge SPEC from the compensation under the judgment.

According to the asset appraisal reports prepared by two independent firms of certified public accountants in the PRC, the aggregate net assets value of the two companies amounted to RMB33.7 million (approximately US$4.1 million). For prudence sake, a further provision of US$1.6 million was provided against this investment, in addition to the provision of US$2 million made in the Group's interim accounts. As a substantial part of the fixed assets of SPPC was frozen by the creditors, the Company considered that the use of the equity method was no longer appropriate under the definition of HKSSAP 10 because the operation of SPPC was under severe long-term restrictions that would significantly impair its ability to transfer funds to the Company.

Long-term Investments *(Continued)*

Shenzhen SPEC Plastics Holdings Co., Ltd. ("SPPC") *(Continued)*

Pursuant to Rule 21.04(3)(a) of the Listing Rules, the Company shall not own or control more than 30% of the voting rights in any one company. During the negotiation between the Company and SPEC about the terms of the settlement agreement, the Company had applied to the SEHK for a waiver from strict compliance with the aforesaid Rule 21.04(3)(a) in respect of the proposed transfer of the 90.57% interest in the pharmaceutical company from SPEC to the Company. On 7th April 2003, the Stock Exchange did not grant the waiver. The Company considered that it would be in the best interest of the shareholders to accept the transfer as SPEC might not be able to provide other kinds of payment to satisfy the judgement. However, if the Company should proceed to complete the transfer of interests and own more than 30% interest in BCL, it would be in technical breach of Rule 21.04(3)(a) of the Listing Rules and the SEHK would reserve the rights to take disciplinary actions against the Company and/or its Directors. The Company is currently exploring other possibilities to resolve the issue.

Suzhou Universal Chain Transmission Co., Ltd. ("Suzhou Chain")

Suzhou Chain managed to record a small operating profit for the year, amid deteriorating conditions in the industrial chains industry. An increase in export sales was reported during the year, which was however offset by the drop of sales price. As the average salary increased generally in the Yangtze River Delta area, Suzhou Chain was under tremendous pressure of ever increasing labor costs.

In June 2002, the Company reached an agreement to dispose of 3.33% interests to the PRC shareholder of Suzhou Chain in compliance with the new requirements from the revised Listing Rules. A loss on disposal of US$92,000 has been accounted for in the consolidated accounts.

As a matter of prudence, a further provision of US$394,000 was provided against this investment for impairment loss in 2002. Together with the provision made in 1998, a total of US$934,000 had been made against Suzhou Chain.

Wuxi Huate Steel Strip Co., Ltd. ("Huate")

Due to severe competition in the market of traditional products, Huate adjusted its products mix during the year. A few low-margin products were no longer made and production was switched to higher value-added products. But as the higher value-added products required more complicated production procedures and hence a longer production cycle, overall production volume dropped in 2002.

Net profit for the year also declined by more than 15% compared to that of 2001 due to higher production costs (mainly from the increased cost of raw material) and inclusion of scrap losses from the trial run of Huasheng during the first half of 2002.

Long-term Investments *(Continued)*

Wuxi Huasheng Precision Alloy Material Co., Ltd. ("Huasheng")

Huasheng was established by the same group of shareholders of Huate to carry out Huate's new business in stainless steel and alloy metal production. The initial purpose of setting up Huasheng was to take advantage of the preferential tax treatment extended to new enterprises. The total registered capital of Huasheng is US$2.5 million, of which the Company will contribute US$0.74 million for a 29.75% interests. At the end of 2002, an aggregate of US$1.48 million had been contributed by all the shareholders using the dividends received from Huate.

Huasheng finished trial production and started normal production in the second half of 2002. The first phase of production equipment was tested and installed during the year. Both the production and sales volume rose steadily during the second half and reached a level of break-even at the end of 2002. The second phase of equipment, which will lift overall production efficiency is at present under trial. Meanwhile more efforts will also be put in the development of new markets as the management expects the contribution from Huasheng would soon become an important driver of future earnings growth for the shareholders of both Huate and Huasheng.

Zhongshan Dongfu Road and Bridge Investment Co., Ltd. ("Dongfu")

The disposal negotiation was delayed as part of the PRC shareholder's interests in Dongfu had been frozen by the court. The Company is now urging the PRC shareholder to resolve the matter as soon as possible. It is expected that the PRC shareholder could enter into a settlement agreement with the Company after its shares were released by the court.

A provision of US$2.37 million had been made in 1998 for the outstanding guaranteed returns. In 1999, a further provision of US$0.87 million and US$0.5 million had been made for the outstanding amortization returns and for diminution in value respectively. In view of the positive development on negotiation, the provision of US$500,000 was written back in current year.

Zhongshan Nangang Road and Bridge Co., Ltd. ("Nangang")

After lengthy negotiation with the municipal government and the PRC shareholder, disposal agreements had been signed in November and disposal proceeds were also received in December. A total of RMB57.3 million (approximately US$6.92 million, representing investment cost of US$6 million and a nominal interest of US$0.92 million) was received by the Group. According to the agreement, the RMB proceeds would be converted into US$ and remitted to the Company, once the relevant approval is obtained from the State Administration of Foreign Exchange.

As a result of the disposal, a profit of US$4.7 million was recorded in the consolidated accounts of 2002.

Investments for which full provisions had been made

Dezhou Zhenhua Glass Co., Ltd. ("Zhenhua")

Due to the severe competition and continuing price drop, Zhenhua recorded a drop in its annual turnover and incurred a substantial loss for the whole year. According to the management of Zhenhua, the sheet glass market shrank drastically as a result of competition from float glass which had a better quality and a slightly higher price.

A full provision of US$3.2 million was made against this investment in 1998 in view of the dim future for the sheet glass industry.

Sanshui Yoright Plastic and Electrical Co., Ltd. ("Yoright")

According to the agreement reached with Keep Mount (Holdings) Limited ("Keep Mount"), the parent company of Grandbliss Development Limited through which the investment in Yoright was made, Keep Mount will repay the Company's investment cost plus interest over a period of three years ended 31st December 1998. As at 31st December 1999, a total of US$2.78 million had been recovered. After a new settlement agreement was signed in October 2000, Ultragrace Limited ("Ultragrace") which was a related company of Keep Mount and the official window company of the Sanshui Municipal Government in Hong Kong, agreed to pay the outstanding amount owed by Keep Mount over 12 instalments and a further amount of HK$200,000 (approximately US$25,650) was paid to the Company. Up to the end of 2000, a total of US$2.81 million had been receieved from Keep Mount and Ultragrace. The Company had not received any payment from Ultragrace since 2001.

During the year of 2002, the Company had instructed a lawyer to file a winding up petiton against Ultragrace. A winding-up order was granted by the court in February 2003 and a liquidator had also been appointed to realise the remaining assets of Ultragrace.

Wuxi Tristar Iron & Steel Co., Ltd. ("Tristar")

According to a lease agreement signed in December 1999, the whole production plant and supporting facilities of Tristar had been leased to a local steel maker. From 2001 onwards, Tristar would receive annual lease fees starting from RMB5 million (approximately US$0.6 million) and gradually increasing to RMB11 million (US$1.3 million) over a lease period of 10 years.

In January 2003, a meeting was held with the general manager of the lessee company and a preliminary discussion was made for the proposed disposal of the Company's interest to the lessee company. The initial response was positive and negotiation will be continued in 2003.

A full provision of US$6.95 million had been made against this investment in 1997 and 1998.

Investments for which full provisions had been made *(Continued)*

Wuxi United Iron & Steel Co., Ltd. ("United")

Due to the buoyant property market in the PRC, the hot rolled steel market continued to improve with higher demand and increased selling price. United also benefited from the markets recovery and recorded a higher operating profit for the whole year. As at the end of 2002, all accumulated losses were set off and a retained earning was recorded in the financial statements.

A meeting was recently held to discuss the disposal of the Company's interest in United. The initial response from the potential buyer was positive and negotiation will be continued in 2003.

Due to substantial accumulated losses, a full provision of US$7.38 million had been made against this investment in 1998.

Listed Shares

During the year, the Company recorded a profit on disposal of US$164,355. The shares held at 31st December 2002 had a carrying value of US$1,322,270 and a market value of US$1,499,961. An unrealized gain of US$177,691 was included in the profit and loss account for the year.