

Investment Portfolio

At 31st December, 2002

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 (loss) gain arising on revaluation HK\$'000	Net assets attributable to the Group HK\$'000
At 31st December, 2002							
DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	-	-	-	- (Note i)
Kin Don Holdings Limited	Cayman Islands	28,400,000	0.477%	1,151	539	(612)	165 (Note i)
Kowloon Development Company Limited	Hong Kong	241,000	0.05%	1,067	850	(217)	1,624 (Note i)
Riche Multi-Media Holdings Limited	Bermuda	960,000	0.202%	2,982	2,976	(6)	520 (Note i)
				5,200	4,365	(835)	
Warrants							
Champion Technology Holdings Limited		200,000		-	2	2	
renren Holdings Limited		44,000,000		88	440	352	
Riche Multi-Media Holdings Limited		220,000		-	55	55	
				88	497	409	
				5,288	4,862	(426)	
At 31st December, 2001							
Shares							
Champion Technology Holdings Limited	Cayman Islands	1,000,000	0.007%	351	81	(270)	205 (Note i)
DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	-	-	-	- (Note i)
				351	81	(270)	

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(2) Unlisted equity security

Name of investee company	Place of incorporation	2002 HK\$'000	2001 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")	11,461	17,461

(3) Unlisted convertible loan notes

Issuer	Principal amount		Impairment loss recognised		Fair value		Interest rate	Maturity date
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000		
Assets Planning Limited ("Assets Planning") - unsecured*	9,500	9,500	(7,500)	-	2,000	9,500	5% per annum	31st December, 2003, default on interest (Note iii)
Dynamic Venture Enterprises Limited ("Dynamic Venture") - secured	13,500	13,500	(13,500)	(13,500)	-	-	8% per annum	On default (Note iv)
Kellerton Industries Limited ("Kellerton") - unsecured*	9,500	9,500	(4,500)	-	5,000	9,500	5% per annum	31st December, 2003 (Note v)
JRB Limited ("JRB") - unsecured*	9,000	9,000	(9,000)	(9,000)	-	-	16% per annum	On default (Note vi)
IPO43.com Limited ("IPO43.com") - unsecured*	2,995	2,995	(2,995)	-	-	2,995	5% per annum	31st December, 2003, default on interest (Note vii)
	44,495	44,495	(37,495)	(22,500)	7,000	21,995		

* held directly by the Company.

Notes:

- (i) The calculation of net assets attributable to the Group is based on the latest published interim reports or annual reports of the respective investee companies as available at the report date.

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- (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 has become 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 13th December, 2001, the Group acquired a convertible loan note in the principal amount of HK\$9,500,000 carrying the right to convert the loan note into shares in Assets Planning. The loan note is unsecured, bears interest at 5% per annum and has a maturity date on 31st December, 2003. The Group will have the right on any business day before the maturity date to convert the whole or part of the outstanding principal amount of the loan note into shares in Assets Planning using a predetermined formulae. On the maturity date, all outstanding principal amount together with any unpaid interest shall automatically be converted into shares. In the event that upon full conversion of the loan note, the aggregate interest of the Group in the issued share capital of Assets Planning is less than 2%, Assets Planning shall issue and allot additional shares to the Group to make up for any shortfall. The first interest payment date was 31st December, 2002, but on which date, Assets Planning defaulted on the payment of interest.
- (iv) 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 a 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.
- (v) Pursuant to the subscription agreement entered into on 13th December, 2001, the Group acquired a convertible loan note in the principal amount of HK\$9,500,000 carrying the right to convert the loan note into shares in Kellerton. The loan note is unsecured, bears interest at 5% per annum and has a maturity date on 31st December, 2003. The Group has the right on any business day before the maturity date to convert the whole or part of the outstanding principal amount of the loan note into shares in Kellerton using a predetermined formulae and with reference to the valuation of Kellerton's investments. On the maturity date, all outstanding principal amount together with any unpaid interest shall automatically be converted. On 15th April, 2003, the Group entered into an agreement with Kellerton to change the interest rate from 5% per annum to 2.5% per annum.
- (vi) The Group currently has legal proceedings against JRB 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.
- (vii) Pursuant to the subscription agreement entered into on 13th December, 2001, the Group acquired a convertible loan note in the principal amount of HK\$2,995,000 carrying the right to convert the loan note into shares in IPO43.com. The loan note is unsecured, bears interest at 5% per annum and has a maturity date on 31st December, 2003. The Group has the right on any business day before the maturity date to convert the whole or part of the outstanding principal amount of the loan note into shares in IPO43.com using a predetermined formulae. On the maturity date, all outstanding principal amount together with any unpaid interest shall automatically be converted. In the event that upon full conversion of the loan note, the aggregate interest of the Group in the issued share capital of IPO43.com is less than 3%, IPO43.com shall issue and allot additional shares to the Group to make up for any shortfall. The first interest payment date was 31st December, 2002, but on which date, IPO43.com defaulted on the payment of interest.

(4) Cash and cash equivalents

	2002 HK\$'000	2001 HK\$000
Cash and cash equivalents	114	4,638

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

- (a) 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, 2002 was approximately HK\$93,000 (31st December, 2001: HK\$203,000). As at 31st December, 2002, the unaudited consolidated net asset value of Digital was approximately HK\$16,035,000 (31st December, 2001: HK\$15,871,000).

- (b) Kin Don Holdings Limited ("Kin Don") is principally engaged in manufacturing, marketing and distribution of men apparel, including leather goods and accessories.

The audited consolidated profit attributable to shareholders of Kin Don for the year ended 30th November, 2002 was approximately HK\$19,625,000. As at 30th November, 2002, the audited consolidated net asset value of Kin Don was approximately HK\$34,585,000.

- (c) Kowloon Development Company Limited ("Kowloon Development") is principally engaged in property investment and development, investment in listed securities, film distribution and exhibition, and securities trading.

The audited consolidated profit attributable to shareholders of Kowloon Development for the year ended 31st December, 2002 was approximately HK\$161,025,000. As at 31st December, 2002, the audited consolidated net asset value of Kowloon Development was approximately HK\$3,248,609,000.

- (d) Riche Multi-Media Holdings Limited ("Riche") is principally engaged in distribution of video programmes, sub-licensing video programme rights, film exhibition and provision of video conversion services.

The unaudited consolidated profit attributable to shareholders of Riche for the six-month period ended 30th June, 2002 was approximately HK\$10,955,000. As at 30th June, 2002, the unaudited consolidated net asset value of Riche was approximately HK\$257,218,000.

- (e) 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. As at 31st December, 2001, the unaudited consolidated net asset value of Champion was approximately HK\$2,928,511,000.

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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 大鷹葯業(開封)有限公司 and 新世界海天(信陽)豫南製藥有限公司 respectively. 大鷹葯業(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.