

Details of the Group's investments at 31 December 2003 are as follows:

**(a) Equity securities listed on the Stock Exchange in Hong Kong:**

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
<b>At 31 December 2003</b>							
<i>Shares:</i>							
DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	-	-	-	- Note i
Riche Multi-Media Holdings Limited **	Bermuda	220,000	0.046%	-	53	53	156 Note i
				-	53	53	
<b>At 31 December 2002</b>							
<i>Shares:</i>							
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)	
<i>Warrants:</i>							
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)	

\*\* Equity securities directly held by the Company.

**(b) Unlisted equity security:**

Name of investee company	Place of incorporation	2003	2002
		HK\$'000	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 PRC	9,661	11,461

**(c) Unlisted convertible loan notes:**

Issuer	Principal amount		Impairment loss recognised		Fair value		Interest rate	Maturity date
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000		
(a) Assets Planning Limited ("Assets Planning") * Unsecured (Note iii)	9,500	9,500	(9,500)	(7,500)	-	2,000	5% per annum	On default
(b) Dynamic Venture Enterprises Limited ("Dynamic Venture") Secured (Note iv)	13,500	13,500	(13,500)	(13,500)	-	-	8% per annum	On default
(c) Kellerton Industries Limited ("Kellerton") * Unsecured (Note v)	9,500	9,500	(9,500)	(4,500)	-	5,000	2.5% - 5% per annum	On default
(d) JRB Limited ("JRB") * Unsecured (Note vi)	-	9,000	-	(9,000)	-	-	16% per annum	-
(e) IPO43.com Limited ("IPO43.com") * Unsecured (Note vii)	2,995	2,995	(2,995)	(2,995)	-	-	5% per annum	On default
	35,495	44,495	(35,495)	(37,495)	-	7,000		

\* Unlisted convertible loan notes directly held 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.
- (ii) 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 has become interest-free and has neither fixed repayment terms nor the right to conversion. Gold Canal's sole asset is 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, since the acquisition of Gold Canal by the Group, the Group has not been 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. The Group has made a further provision of HK\$1,800,000 during the year to reduce the carrying value of its investment in Tianjin Standard to the Group's attributable share of the investee's net assets as at the balance sheet date, based on the audited financial statements of Tianjin Standard for the year ended 31 December 2003.
- (iii) Pursuant to the subscription agreement entered into on 13 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 was unsecured, bore interest at 5% per annum and had a maturity date on 31 December 2003. The Group had 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 should be automatically 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 should be less than 2%, Assets Planning should issue and allot additional shares to the Group to make up for any shortfall. Assets Planning had defaulted on the payment of interest since 31 December 2002 and had not made any repayment of the outstanding principal as at 31 December 2003. No conversion of loan note into shares was made at the maturity date. The directors were unable to obtain the latest financial statements or any other pertinent financial information relating to Assets Planning from the investee's management. In light of the above, the directors have accordingly made a further impairment write down of HK\$2,000,000 during the year to reduce the carrying value of this investment to Nil as at 31 December 2003. Subsequent to the year end on 16 April 2004, the Group disposed of this investment to a third party for a nominal sum of HK\$1.

- (iv) Pursuant to the subscription agreement entered into on 14 January 1999 (the “Subscription Agreement”), the Group acquired a convertible loan note in the principal amount of HK\$13,500,000 carrying the right to subscribe for the conversion shares in Dynamic Venture. The convertible loan note was secured on the entire share capital of Dynamic Venture, bore interest at 15% per annum and had a maturity date on 31 December 2000. The Group had the right on 31 March, 30 September and 31 December of each year, after the fulfillment of the conditions set out in the Subscription Agreement but before the maturity date to convert the whole or part of the outstanding principal amount of the loan note into shares in Dynamic Venture using a predetermined formulae. On the maturity date, all outstanding principal amount together with any unpaid interest should be repaid. On 21 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 31 December 2000 to 31 December 2001, but from which date onwards, Dynamic Venture defaulted on the repayment of the convertible loan note. The Group had made a full impairment provision against this investment in the previous year. Subsequent to the year end on 16 April 2004, the Group disposed of its interest in this investment to a third party for a nominal sum of HK\$1.
  
- (v) Pursuant to the subscription agreement entered into on 13 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. On 15 April 2003, the Group entered into an agreement with Kellerton to change the interest rate from 5% per annum to 2.5% per annum. The loan note was unsecured, bore interest at 2.5% per annum and had a maturity date on 31 December 2003. The Group had 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 should automatically be converted. Kellerton defaulted on the payment of interest for the year ended 31 December 2003 and had not made any repayment of the outstanding principal as at 31 December 2003. No conversion of loan note into shares was made at the maturity date. The directors were unable to obtain the latest financial statement or any other pertinent financial information relating to Kellerton from the investee’s management. In light of the above, the directors have accordingly made a further impairment write down of HK\$5,000,000 during the year to reduce the carrying value of this investment to Nil as at 31 December 2003. Subsequent to the year end on 16 April 2004, the Group disposed of this investment to a third party for a nominal sum of HK\$1.
  
- (vi) Pursuant to the subscription agreement entered into on 30 November 1998, the Group acquired a convertible loan note in the principal amount of HK\$9,000,000 carrying the right to convert the loan note into shares in JRB. The convertible loan note was secured, bore interest at 16% per annum and had a maturity date on 31 May 1999. On the maturity date, all outstanding principal amount together with any unpaid interest should be repaid. However JRB defaulted on the repayment of its convertible loan note in the sum of approximately HK\$9,363,000 including accrued interest to the scheduled date of repayment. The Company had filed a legal action against JRB for the recovery of the debt. A full impairment provision was made against the carrying value of this investment in the previous year. On 29 December 2003, the Group assigned all the rights and title to claim against JRB Limited of the sum of HK\$19,657,000 (which comprises the above sum of HK\$9,363,000 and the overdue interest of HK\$10,294,000) to a third party at a consideration of HK\$30,000. On 22 March 2004, a consent order was signed and all legal claims were dismissed.

- (vii) Pursuant to the subscription agreement entered into 13 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 was unsecured, bore interest at 5% per annum and had a maturity date on 31 December 2003. The Group had 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 should 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 was less than 3%, IPO43.com should issue and allot additional shares to the Group to make up for any shortfall. IPO43.com had defaulted on the payment of interest since 31 December 2002 and had not made any repayment of the outstanding principal as at 31 December 2003. No conversion of loan note was made into shares at the maturity date. The Group had made a full impairment provision against this investment in the previous year. Subsequent to the year end on 16 April 2004, the Group disposed of this investment to a third party for a nominal sum of HK\$1.

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

- (i) 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 31 December 2003 was approximately HK\$98,000 (31 December 2002: HK\$93,000). As at 31 December 2003, the unaudited consolidated net asset value of Digital was approximately HK\$16,182,000 (31 December 2002: HK\$16,035,000).

- (ii) Riche Multi-Media Holdings Limited (“Riche”) is principally engaged in distribution of video programmers, 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 30 June 2003 was approximately HK\$24,336,000 (30 June 2002: HK\$10,955,000). As at 30 June 2003, the unaudited consolidated net asset value of Riche was approximately HK\$279,747,000 (30 June 2002: HK\$257,218,000).

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

- (i) Assets Planning Limited is principally engaged in property development in Hong Kong.
- (ii) 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.
- (iii) 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.
- (iv) 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.