

Details of the Group's investments at 31 December 2004 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	
At 31 December 2004								
Shares:								
DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	–	–	–	–	<i>Note i</i>
Riche Multi-Media Holdings Limited**	Bermuda	220,000	0.046%	–	47	47	138	<i>Note i</i>
				–	47	47		
At 31 December 2003								
Shares:								
DIGITALHONGKONG.COM	Cayman Islands	648	0.0004%	–	–	–	–	<i>Note i</i>
Riche Multi-Media **								
Holdings Limited	Bermuda	220,000	0.046%	–	53	53	156	<i>Note i</i>
				–	53	53		

** Equity securities directly held by the Company.

(b) Unlisted equity security:

Name of investee company	Place of incorporation	Revaluation surplus/ (deficit and/or impairment*)					
		Cost				Fair value	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 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	17,461	17,461	(8,544)*	(7,800)*	8,917	9,661
Standard Supplies Limited ("Standard Supplies") (Note iii)	Hong Kong	500	—	—	—	500	—
Koffman Asset Holdings Limited ("Koffman Asset") (Note iv)	British Virgin Islands	3,064	—	(3,064)*	—	—	—
		21,025	17,461	(11,608)*	(7,800)*	9,417	9,661

(c) Unlisted convertible loan notes:

Issuer	Principal amount		Impairment loss recognised		Fair value		Interest rate	Maturity date
	2004	2003	2004	2003	2004	2003		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(a) Assets Planning Limited ("Assets Planning") * Unsecured (Note v))	–	9,500	–	(9,500)	–	–	5% per annum	On default
(b) Dynamic Venture Enterprises Limited ("Dynamic Venture") Secured (Note vi)	–	13,500	–	(13,500)	–	–	8% per annum	On default
(c) Kellerton Industries Limited ("Kellerton") * Unsecured (Note vii)	–	9,500	–	(9,500)	–	–	2.5% – 5% per annum	On default
(d) IPO43.com Limited ("IPO43.com") * Unsecured (Note viii)	–	2,995	–	(2,995)	–	–	5% per annum	On default
	–	35,495	–	(35,495)	–	–		

* 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. Based on Tianjin Standard's audited PRC financial statements for 2004, the company increased its turnover 11% but continued to make losses. Tianjin Standard also made losses in the previous two years totaling around RMB19 million. For sake of prudence, an additional impairment charge of HK\$744,000 was made for the year after taking into account the current year's result.
- (iii) The Group applied to subscribe 425,000 class "A" shares and 75,000 class "B" shares of Standard Supplies at the consideration of HK\$500,000 on 19 October 2004. On the same date, Standard Supplies accepted the application and issued the share certificate to the Group. The Group owned 25% of Standard Supplies' shareholding after subscription which is principally involved in the trading of flooring materials in Hong Kong and PRC. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Standard Supplies. Accordingly, Standard Supplies is accounted for as an unlisted equity security. With reference to the management accounts as at 31 December 2004, the directors considered that no impairment loss was necessary for the year.
- (iv) Pursuant to the subscription agreement entered into 5 May 2004, the Group subscribed 10 new shares of Koffman Asset at the consideration of HK\$3,063,720. The consideration was satisfied by setting off against the same amount of loan indebted by Koffman Asset and the Group owned 9.1% of Koffman Asset's shareholding after subscription. Koffman Asset is a company principally involved in the insurance brokerage business operated in Hong Kong. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of Koffman Asset. Accordingly, Koffman Asset is accounted for as an unlisted equity security. The directors understand that Koffman Asset is currently in financial difficulties and has ceased operations on or around December 2004 and were unable to obtain the latest financial statements or any other pertinent financial information relating to Koffman Asset. In light of the above, the directors have accordingly made an impairment charge against the investment cost to reduce the carrying value of this investment to Nil as at 31 December 2004.

- (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 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 defaulted on the payment of interest and had not made any repayment of the outstanding principal since 31 December 2002. 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 had accordingly written down the carrying value of this investment to Nil in prior year. 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 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. On 16 April 2004, the Group disposed of its interest in this investment to a third party for a nominal sum of HK\$1.
- (vii) 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 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 had accordingly written down the carrying value of this investment to Nil in prior year. On 16 April 2004, the Group disposed of this investment to a third party for a nominal sum of HK\$1.

- (viii) 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. 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 2004 was approximately HK\$426,000 (31 December 2003: HK\$98,000). As at 31 December 2004, the unaudited consolidated net asset value of Digital was approximately HK\$16,753,000 (31 December 2003: HK\$16,182,000).

- (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 loss attributable to shareholders of Riche for the six-month period ended 30 June 2004 was approximately HK\$37,215,000 (30 June 2003: profit of HK\$24,336,000). As at 30 June 2004, the unaudited consolidated net asset value of Riche was approximately HK\$300,440,000 (30 June 2003: HK\$279,747,000).