

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended March 31, 2002.

CHANGE OF NAME

Pursuant to special resolutions passed on October 16, 2001 and July 5, 2002, the name of the Company was changed from eBiz.hk.com Limited 聯網商業香港有限公司 to Hai Xia Holdings Limited 海峽集團有限公司 and subsequently China Gas Holdings Limited 中國燃氣控股有限公司.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 16 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2002 are set out in the consolidated income statement on page 23.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 56.

INVESTMENT PROPERTIES

Movements in the investment properties of the Group during the year are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at March 31, 2002 are set out on page 57.

SHARE CAPITAL

Movements in the share capital of the Company are set out in note 20 to the financial statements.

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POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors

Chan Heng Fai	
Liu Ming Hui	(redesignated on July 19, 2002)
Chan Yoke Keow	
Chan Sook Jin, Mary-ann	
Lau Man Tak	(resigned on October 27, 2001)

Non-executive directors

Li Xiaoyun	(appointed on August 22, 2001)
Xu Ying	(appointed on August 22, 2001)
Liu Ming Hui	(appointed on April 29, 2002 and redesignated on July 19, 2002)
Fong Kwok Jen	
Wooldridge Mark Dean	
Chan Tong Wan	

Independent non-executive directors

Lee Ka Leung, Daniel
Wong Dor Luk, Peter
Da Roza Joao Paulo

In accordance with Clause 87 of the Company's Bye-laws, Mrs. Chan Yoke Keow and Messrs. Wooldridge Mark Dean and Lee Ka Leung, Daniel will retire and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the above clause of the Company's Bye-laws.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

(1) Shares

At March 31, 2002, the interests of the directors and their associates in the shares of the Company and its associated corporations as recorded in the register maintained by the Company and its associated corporations pursuant to Section 29 of the Securities (Disclosure of interests) Ordinance of Hong Kong (the "SDI Ordinance") were as follows:

(i) *The Company*

Name of directors	Number of ordinary shares held	
	Personal interests	Family interests
Chan Heng Fai	3,136,000	3,136,000 <i>(Note 1)</i>
Chan Yoke Keow	3,136,000	3,136,000 <i>(Note 2)</i>
Chan Sook Jin, Mary-ann	500,000	–

(ii) *Shares in the ultimate holding company, Heng Fung Holdings Limited ("Heng Fung") (formerly known as Online Credit International Limited)*

Name of directors	Number of ordinary shares held			
	Personal interests	Corporate interests	Family interests	Other interests
Chan Heng Fai	71,476,233	8,535,276 <i>(note 3)</i>	305,499,334 <i>(note 1)</i>	–
Chan Yoke Keow	31,437,294	214,328,440 <i>(note 4)</i>	80,011,509 <i>(note 2)</i>	59,733,600 <i>(note 5)</i>
Chan Sook Jin, Mary-ann	25,680	–	3,416,000 <i>(note 6)</i>	–
Fong Kwok Jen	3,828,000	–	–	–
Chan Tong Wan	17,612,480	–	–	–
Wong Dor Luk, Peter	280,000	–	–	–

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES – *continued*

(1) Shares – *continued*

(ii) *Shares in the ultimate holding company, Heng Fung Holdings Limited (“Heng Fung”) (formerly known as Online Credit International Limited) – continued*

Notes:

1. These shares are owned by Mrs. Chan Yoke Keow, the spouse of Mr. Chan Heng Fai.
2. These shares are owned by Mr. Chan Heng Fai, the spouse of Mrs. Chan Yoke Keow.
3. These shares are owned by Heng Fai China & Asia Industries Limited, in which Mr. Chan Heng Fai has beneficial interests.
4. These shares are owned by BPR Holdings (BC) Inc., BPR Holdings (Far East) Limited, First Pacific International Limited and Prime Star Group Co. Ltd., in which Mrs. Chan Yoke Keow has beneficial interests.
5. These shares are owned by a discretionary trust, Bermuda Trust (South Pacific) Limited. Mrs. Chan Yoke Keow is one of the discretionary objects.
6. These shares are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Maryann.

(iii) *Shares in a fellow subsidiary*

At March 31, 2002, the following directors held interests in the shares of PeopleMed.com, Inc. as follows:

Name of directors	Number of ordinary shares held
Chan Heng Fai	100,000
Chan Tong Wan	25,000
Fong Kwok Jen	25,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES – *continued*

(2) Options

The directors had personal interests in share options to subscribe for shares in the Company, Heng Fung and certain fellow subsidiaries as follows:

(i) *The Company*

Under the terms of the Share Option Scheme (the "Scheme") which became effective on October 2, 1995 for the primary purpose of providing incentive to directors and eligible employees, and will expire 10 years after the date of adoption. The board of directors of the Company may offer to any directors or full time employees of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares and 80 per cent. of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10 per cents. of the issued share capital of the Company from time to time. No employee may be granted options which would enable him or her to subscribe for an aggregate of more than 25 per cent. of the aggregate number of shares under the Scheme. Upon acceptance of option, the grantee shall pay HK\$1 to the Company as consideration.

The following table discloses movements in the Company's share option during the year:

Name of director	Date of grant	Exercisable period	Exercise price HK\$	Number of share options at 4.1.2001	Exercised during the year	Number of share options at 3.31.2002
Chan Heng Fai	2.10.1998	2.10.1998 to 2.9.2008	0.11	3,136,000	(3,136,000)	-
Chan Yoke Keow	2.10.1998	2.10.1998 to 2.9.2008	0.11	3,136,000	(3,136,000)	-
Chan Sook Jin, Mary-ann	2.10.1998	2.10.1998 to 2.9.2008	0.11	1,500,000	(500,000)	1,000,000
Lau Man Tak	2.10.1998	2.10.1998 to 2.9.2008	0.11	1,500,000	(1,500,000)	-
				9,272,000	(8,272,000)	1,000,000

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DIRECTORS' INTERESTS IN SECURITIES – continued

(2) Options – continued

(i) The Company – continued

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.46.

No share option was granted during the year.

(ii) Heng Fung

Name of director	Date of grant	Exercisable period	Exercise price HK\$	Number of share options at 4.1.2001	Lapsed during the year	Number of share options at 3.31.2002
Chan Heng Fai	4.22.1996	4.22.1996 to 4.21.2006	0.4025	1,000,000	–	1,000,000
	5.15.1997	5.15.1997 to 5.14.2007	0.4512	6,660,000	–	6,660,000
	10.26.1997	10.26.1997 to 10.25.2007	0.3064	14,400,000	–	14,400,000
Chan Yoke Keow	4.22.1996	4.22.1996 to 4.21.2006	0.4025	2,071,739	–	2,071,739
	5.15.1997	5.15.1997 to 5.14.2007	0.4512	6,660,000	–	6,660,000
	10.26.1997	10.26.1997 to 10.25.2007	0.3064	14,400,000	–	14,400,000
Chan Sook Jin, Mary-ann	10.26.1997	10.26.1997 to 10.25.2007	0.3064	25,000,000	–	25,000,000
Lau Man Tak (Note)	5.15.1997	5.15.1997 to 5.14.2007	0.4512	2,000,000	(2,000,000)	–
	10.26.1997	10.26.1997 to 10.25.2007	0.3064	1,500,000	(1,500,000)	–
				<u>73,691,739</u>	<u>(3,500,000)</u>	<u>70,191,739</u>

Note: There was no movement in share options granted by Heng Fung during the year except the share options granted to Mr. Lau Man Tak lapsed on June 3, 2001 following his resignation as director of Heng Fung with effect from May 4, 2001.

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DIRECTORS' INTERESTS IN SECURITIES – *continued*

(2) Options – *continued*

(iii) Fellow subsidiaries

eBanker USA.com, Inc. ("eBanker")

Name of director	Date of grant	Exercisable period	Exercise price US\$	Number of share options at 3.31.2002
Chan Heng Fai	1.18.1999	1.18.1999 to 1.17.2009	3.00	500,000
Fong Kwok Jen	1.18.1999	1.18.1999 to 1.17.2009	3.00	100,000

Global Med Technologies Inc. ("Global Med")

Name of director	Exercise price US\$ (Note 1)	Number of share options at 3.31.2002
Chan Heng Fai	0.78	250,000
Chan Tong Wan	0.66	50,000
Fong Kwok Jen	0.78	150,000

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DIRECTORS' INTERESTS IN SECURITIES – continued

(2) Options – continued

(iii) Fellow subsidiaries – continued

The following table presents the composition of options outstanding and exercisable as of March 31, 2002:

Range of exercise price US\$	Options outstanding			Exercisable options	
	Amount	Price US\$ (Note 2)	Life (Note 2)	Amount	Price US\$ (Note 2)
0.56 – 1.00	5,312,998	0.68	7.5	2,205,932	0.73
1.03 – 1.50	297,500	1.18	7.9	204,500	1.13
1.51 – 2.00	420,973	1.73	6.4	342,473	1.76
2.45 – 3.00	213,000	2.51	5.7	211,000	2.50
3.75	13,500	3.75	5.0	13,200	3.75
Total at March 31, 2002	<u>6,257,971</u>	<u>0.85</u>	<u>7.4</u>	<u>2,977,105</u>	<u>1.01</u>

Notes:

1. Price reflects the weighted average exercise price.
2. Price and life reflect the weighted average exercise price and weighted average remaining contractual life respectively.

There was no movement in share options granted under the share option schemes of the fellow subsidiaries during the year.

Other than as disclosed above, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors nor the chief executives nor their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the Section headed "Directors' Interests in Securities" above, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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SUBSTANTIAL SHAREHOLDERS

At March 31, 2002, the register of substantial shareholders maintained by the Company under section 16(1) of the SDI Ordinance, showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

Name	Direct interest	Deemed interest
Sure World Capital Limited <i>(Note)</i>	101,557,700 Ordinary shares	–
Rasa Sayang Limited <i>(Note)</i>	10,104,000 Ordinary shares	–
Heng Fung Capital Company Limited <i>(Note)</i>	3,388,000 Ordinary shares	–
Heng Fung Underwriter Limited <i>(Note)</i>	200,000 Ordinary shares	–
Heng Fung	141,153,844 Ordinary shares	256,403,544 Ordinary shares
	105,902,477 Non-voting cumulative preference shares	–
Profit Capital Limited	100,000,000 Ordinary shares	–

Note: These companies are wholly-owned subsidiaries of Heng Fung. Messrs. Chan Heng Fai, Fong Kwok Jen, Chan Tong Wan and Wong Dor Luk, Peter, Mrs. Chan Yoke Keow and Ms. Chan Sook Jin, Mary-ann, have interests in shares of Heng Fung.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at March 31, 2002.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries or its ultimate holding company or any of its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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MAJOR CUSTOMERS AND SUPPLIERS

For the year ended March 31, 2002, the percentage of the Group's purchases attributable to the five largest suppliers represented less than 30% of the Group's total purchases. The percentage of the Group's turnover attributable to the five largest customers represented less than 30% of the Group's total turnover.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended March 31, 2002 with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint, Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Chan Heng Fai
Executive Chairman
July 19, 2002