

# Notes to the Accounts

---

## 1. CORPORATE INFORMATION AND UPDATE

The Company is incorporated in Bermuda as an exempted company with limited liabilities and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal place of business of the Company is located at 16th Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong. The Company’s shares have been suspended for trading on the Stock Exchange since 24th December 2001.

During the year, the Group was involved in the following principal activities:

- refining, moulding, wholesaling and trading of gold bullion
- provision of loans and gold bullion financing
- wholesaling and retailing of gold ornaments, diamond and jewellery products
- securities trading
- property investments and management

As detailed in note 8 to the accounts, most of the above activities have been discontinued during the year.

## 2. BASIS OF PRESENTATION

### (I) GOING CONCERN

The Group sustained a net loss attributable to shareholders of HK\$775 million for the year ended 30th April 2001 (2000: loss of HK\$44 million). As at that date, the Group had consolidated net current liabilities of HK\$684 million (2000: net current assets of HK\$135 million), consolidated accumulated losses of HK\$1,338 million (2000: accumulated losses of HK\$563 million) and a consolidated deficiency in net assets of HK\$589 million (2000: net assets of HK\$227 million). During the year, the asset value of the Group was deteriorated, which was largely due to the loss on the provisions made for diminution in value of short term listed investments and the share of losses of associates.

The Group’s liabilities included indebtedness of HK\$613 million as at 30th April 2001 (2000: HK\$1,015 million) which comprised bank loans of HK\$116 million (2000: HK\$297 million), unsecured promissory notes of HK\$357 million (2000: HK\$357 million) and other secured and unsecured borrowings of HK\$140 million (2000: HK\$361 million).

Subsequent to the balance sheet date, on 25th May 2001, the promissory note holder has filed writs of summons to demand for the repayment of the amounts due and petition for the winding-up of the Company.

## Notes to the Accounts *(Continued)*

---

### 2. BASIS OF PRESENTATION *(Continued)*

#### (I) GOING CONCERN *(Continued)*

The accounts have been prepared on a going concern basis notwithstanding that the Group and the Company had net current liabilities as at 30th April 2001. On 19th September 2001, the Company entered into a standstill agreement with certain creditors and bankers including the above promissory note holder (collectively, the "Creditors"). Pursuant to the standstill agreement, the Creditors agreed to take no action to recover their claims in consideration that the Company will procure to carry out debt restructuring exercises. Since the standstill agreement was expired on 31st December 2001, no Creditors have taken any actions against the Company and on 9th May 2002, the Company entered into a proposed debt restructuring agreement (the "Restructuring Proposal") with the Creditors and a potential investor (the "Investor"). The principal terms of the Restructuring Proposal, involve, inter alia, the following:

- (i) the Investor has agreed to inject cash of up to HK\$57.6 million into the Company in exchange for approximately 95% of the enlarged issued share capital of the Company upon completion of the Restructuring Proposal; and
- (ii) the Company will settle all the claims from all Creditors of the Company in accordance with the terms of the Restructuring Proposal and schemes of arrangement between the Company and the Creditors (the "Schemes").

Key terms and conditions of the Restructuring Proposal include the following:

#### (a) Capital Restructuring

Capital restructuring involves capital reduction, unissued share subdivision and share consolidation, and an increase in the authorised share capital of the Company. Further details are set out in note 26(f) to the accounts.

#### (b) Debt Restructuring

It is proposed that all indebtedness of the Company will be restructured pursuant to the terms of the Restructuring Proposal and the Schemes. According to the Companies Act of Bermuda and the Hong Kong Companies Ordinance, the Schemes will become effective and binding on all Creditors if, amongst others, a majority in number of Creditors entitled to vote on the Schemes representing at least 50% in number and 75% in value of their claims vote in favour of the Schemes in Creditors' meetings convened for that purpose.

- Secured Indebtedness

The secured creditors are provided with the following options in respect of the secured indebtedness due to them by the Company:

- (i) surrendering the secured assets pledged to them by the Group and having the full amount of their secured claims against the Company classified as part of the unsecured indebtedness; or
- (ii) taking possession of the secured assets at a value called agreed security value, to be agreed individually between the Creditors and the Investor, and writing down their secured claims by the agreed security value. The resultant balance will be classified as part of the unsecured Indebtedness.

## Notes to the Accounts *(Continued)*

---

### 2. BASIS OF PRESENTATION *(Continued)*

#### (I) GOING CONCERN *(Continued)*

##### (b) Debt Restructuring *(Continued)*

- Unsecured Indebtedness

After aggregating the indebtedness due by the Company to the unsecured creditors with the portion of the secured indebtedness which will be classified as unsecured indebtedness as set out above, the resultant unsecured indebtedness will be settled via the Schemes as follows, on a pro-rata basis:

- (i) a cash payment of HK\$48 million;
- (ii) the issue and allotment by the Company of 40 million new shares, credited as fully paid, at the par value of HK\$0.05 each (i.e. HK\$2 million in total) to the Creditors after taking into account the effect of the capital restructuring and upon completion of the Restructuring Proposal; and
- (iii) a distribution of 40% of the net proceeds (after disposal, realisation, recovery costs and discharge of any security) from the disposal of all unencumbered assets of the Group, (including any secured assets surrendered by the secured creditors as described in the above), within a period of eighteen months after completion of the Restructuring Proposal. The remaining 60% of the net proceeds will be retained by the Group.

##### (c) Subscription and Capitalisation of Loans

- (i) Subscription

A new issue of 960 million new ordinary shares of HK\$0.05 each will be allotted to the Investor after taking into account the effect of the capital restructuring and upon completion of the Restructuring Proposal, at the par value for HK\$48 million in cash, the proceeds of which will be applied to settle the unsecured indebtedness pursuant to the Schemes as described in (b).

- (ii) Capitalisation of Loans

An advance up to a maximum of HK\$9.6 million will be injected by the Investor in the form of interest-free loans to cover the total estimated costs and expenses for the implementation of the Restructuring Proposal of HK\$9 million and the Company's interim working capital requirement of HK\$600,000. Upon completion of the Restructuring Proposal, the Company will capitalise the entire balance of such loans by issuing up to 192 million new shares to the Investor at the par value of HK\$0.05 each.

The completion of the above Restructuring Proposal is conditional upon the fulfillment of certain terms and conditions, details of which have been included in the announcement jointly issued by the Company and the Investor on 21st May 2002.

## Notes to the Accounts *(Continued)*

---

### 2. BASIS OF PRESENTATION *(Continued)*

#### (I) GOING CONCERN *(Continued)*

##### (c) Subscription and Capitalisation of Loans *(Continued)*

In light of the measures taken to date, together with the expected results from the proposed restructuring, the directors opined that it is appropriate to prepare the accounts on a going concern basis.

The accounts do not incorporate any adjustments for possible failure of the above Restructuring Proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these potential adjustments has not been incorporated in the accounts.

#### (II) DISCONTINUED OPERATIONS AND RECLASSIFICATION OF SUBSIDIARIES TO SHORT TERM LISTED INVESTMENT

##### (a) Discontinued operations

As at 1st May 2000, Chimstar Limited ("Chimstar"), a company as to 72.52% and 27.48% held by the Group and other third-party shareholders (the "Third-party Shareholders") respectively, had a 42.65% beneficial interest in RNA Holdings Limited ("RNA"). Sky Lead International Limited ("Sky Lead"), a wholly owned subsidiary of the Group had a 11.45% beneficial interest in RNA. Chimstar and Sky Lead altogether had a 54.1% interest in RNA which was classified as a subsidiary of the Group in prior years. The results, assets and liabilities of RNA and its subsidiaries (collectively the "RNA Group") were consolidated in these accounts. RNA is incorporated in Bermuda and also listed on the main board of the Stock Exchange. The principal activities of RNA Group consisted of the refining, moulding, wholesaling, and trading of gold bullion, the provision of loans and gold bullion financing; wholesaling and retailing of gold ornaments, diamond and jewellery products.

As disclosed in the Company's circular dated 19th July 2000, a conditional sale and purchase agreement was entered between Chimstar and its shareholders on 24th June 2000 to reorganise their indirect shareholdings in RNA held through Chimstar. Pursuant to the agreement, which was completed on 18th August 2000, Chimstar sold its 11.72% beneficial interest in RNA to the Third-party Shareholders for a consideration of HK\$33 million approximately. The consideration was settled by way of set off against the existing shareholders' loans due to the Third-party Shareholders by Chimstar. Accordingly, the results of RNA Group were consolidated into the Group's results up to 18th August 2000, the date on which the controlling interest in RNA was divested. The Group has classified RNA Group as an associate in its announcement dated 30th January 2001 of the Group's unaudited consolidated results for the six months ended 31st October 2000.

In the opinion of the directors, the operations of the RNA Group are clearly distinguishable from other business operations of the Group, and accordingly, they have been classified as Discontinued Operations for the period from 1st May 2000 to 18th August 2000. The results of the Discontinued Operations of RNA Group are summarised and included in note 8 to the accounts.

## Notes to the Accounts *(Continued)*

---

### 2. BASIS OF PRESENTATION *(Continued)*

#### (II) DISCONTINUED OPERATIONS AND RECLASSIFICATION OF SUBSIDIARIES TO SHORT TERM LISTED INVESTMENT *(Continued)*

##### (b) Reclassification of subsidiaries to short term listed investment

During the year, 380 million and 140 million shares of RNA held by Chimstar and Sky Lead respectively, were secured to banks and financial creditors (collectively, the "Financial Creditors") for loans facilities granted to the Group. Due to the Group's failure to repay the loans, the Financial Creditors had foreclosed on approximately 74 million shares of RNA to be disposed of and the proceeds had been used to reduce the debts due to them during the year. Subsequently, 172 million shares of RNA were also foreclosed after the balance sheet date and up to the date of approval of these accounts. In the second half of the financial year, 134 million new ordinary shares of RNA were issued and allotted pursuant to a placement of shares. Subsequently, 11,168 million new ordinary shares of RNA were also issued and allotted to other third parties after the year end date and up to the date of approval of these accounts. As a result, the Group's equity interests in RNA Group were reduced and diluted to approximately 29.6% as at 30th April 2001 and approximately 2.17% as at the date of approval of these accounts.

To fairly present the state of affairs of the Group as at 30th April 2001, the Group's attributable interests in the RNA Group as at 18th August 2000, the date of completion of the reorganisation, had been reclassified as "short term listed investment" instead of "interest in an associate" and included as part of current assets of the Group. The short term listed investment was stated at fair value of approximately HK\$70 million at the balance sheet date in the accounts, after a provision of HK\$242 million was made in relation to the diminution in value.

### 3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

#### (a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by revaluation of certain investment properties, other properties and investments.

#### (b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries for the year ended made up to 30th April 2001. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant inter-company transactions and balances within the Group are eliminated on consolidation.

#### (c) Goodwill and capital reserve

Goodwill arising on consolidation of subsidiaries, jointly controlled entities and associates represents the excess of purchase consideration paid over the fair values ascribed to the net underlying assets acquired and is either eliminated against or credited to reserves in the year of acquisition.

Capital reserve arising on consolidation represents the excess of the fair values ascribed to the net underlying assets of the acquired subsidiaries or associates at the date of acquisition over the purchase consideration.

## Notes to the Accounts *(Continued)*

---

### 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (c) Goodwill and capital reserve *(Continued)*

Upon the disposal of an interest in a subsidiary, a jointly controlled entity and an associate, the attributable capital reserve, or amount of purchased goodwill, which had previously been eliminated against reserves and had not previously been charged to the profit and loss account, is credited or charged to the profit and loss account to determine the gains or losses on sale of investments.

#### (d) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

In the Company's balance sheet, interests in subsidiaries are stated at cost unless, in the opinion of the directors, there has been diminution in value, other than that considered to be temporary in nature, when they are written down to value determined by the directors. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

#### (e) Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates as reported in their accounts which are made up to dates between 31st December and 30th April is included in the consolidated profit and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting.

The results of the associates are included in the Company's profit and loss account to the extent of dividends received and receivables. The Company's interests in associates are stated at cost less provision for diminution in value, other than that considered to be temporary in nature, deemed necessary by the directors.

#### (f) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting.

The results of jointly controlled entities are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in jointly controlled entities are treated as long-term investments and are stated at cost less any provision for diminution in value, other than that considered to be temporary in nature, deemed necessary by the directors.

## Notes to the Accounts *(Continued)*

---

### 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (g) Fixed assets

##### (i) Investment properties

Investment properties are interests in land and buildings which are held for their investment potential. Investment properties held on leases with unexpired periods greater than 20 years are annually valued by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

On disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of the previous valuations is released to the profit and loss account.

##### (ii) Other fixed assets

Other fixed assets other than investment properties are stated at cost or valuation less accumulated depreciation. The valuations of other properties are based on the latest professional valuations made at the time of transfer from investment properties. The directors regularly review the fair value of other properties by reference to independent valuations, on an individual basis, and where the fair value differs materially from the carrying amount, an appropriate adjustment is made. Increases in valuation are credited to the other properties revaluation reserve; decreases are first set off against increases in earlier valuations in respect of the same property and thereafter debited to the profit and loss account.

Other fixed assets are depreciated at rates sufficient to write off the cost or valuation over their estimated useful lives on a straight line basis. The principal annual rates are as follows:

Other properties	2-2½%
Leasehold improvements	15%
Furniture, fixtures and equipment	15%
Plant and machinery	10-15%
Motor vehicles	25%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The directors regularly review the carrying amounts of other fixed assets to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to the profit and loss account and is shown as a movement in reserves.

# Notes to the Accounts *(Continued)*

---

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (h) Investments in securities

#### (i) Investment securities

Investment securities are stated at cost less provision for diminution in value, other than that considered to be temporary in nature, deemed necessary by the directors.

The carrying amounts of individual investments are reviewed by the directors at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities should be reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

#### (ii) Short term listed investments

Short term listed investments are carried at fair value. At each balance sheet date the net unrealised gains or losses arising from the changes in fair value of the investments are recognised in the profit and loss account. Profit or loss on disposal of the investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

### (i) Provision for doubtful accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheets are stated net of such provision.

### (j) Deferred taxation

Deferred taxation is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

### (k) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged or credited to the profit and loss account on a straight line basis over the lease terms.

### (l) Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

On consolidation the accounts of overseas subsidiaries, jointly controlled entities and associates are translated in Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are dealt with as a movement in reserves.

### (m) Revenue recognition

#### (i) Sale of goods

Income from the sale of goods is recognised upon delivery of goods to customers.

#### (ii) Sale of properties

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers.



## Notes to the Accounts *(Continued)*

---

### 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (m) Revenue recognition *(Continued)*

##### (iii) Rental income

Rental income is recognised on a straight line basis over the period of the lease.

##### (iv) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

##### (v) Rendering of services

Income arising from provision of management and consultancy services is recognised when the relevant services are rendered.

#### (n) Retirement benefits schemes

The Group operates a defined contributions Mandatory Provident Fund retirement scheme (“the MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme became effective from 1st December 2000. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Prior to the MPF Scheme being effective, the Group operated a defined contribution retirement scheme for all employees. This scheme operated in a similar way to the MPF Scheme, except that when an employee left the scheme prior to his / her interest in the Group’s employer contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of forfeited contributions.

#### (o) Turnover

Turnover represents the net amounts received and receivable for goods supplied by the Group to outsider customers during the year.

#### (p) Notional interest

Where payments for investments acquired are deferred, notional interest is calculated by reference to the period of deferral, current interest rates and the amount of the likely payments. The notional interest calculated thereon is charged to the profit and loss account over the period of deferral. The investments and the corresponding deferred payments are stated at the cost of acquisition less notional interest at the balance sheet date.

#### (q) Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

#### (r) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

## Notes to the Accounts *(Continued)*

### 4. REVENUES AND TURNOVER

During the year, the Group has been principally engaged in refining, moulding, wholesaling and trading of gold bullion, the provision of loans and gold bullion financing, wholesaling and retailing of gold ornaments, diamond and jewellery products, securities trading, property investments and property management. Revenues recognised during the year are as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
TURNOVER	<u>1,730,737</u>	<u>5,550,637</u>
OTHER REVENUES		
Interest income from an associate	11,240	4,577
Interest income on bank deposits	570	1,215
Commission income	11,171	–
Other income	<u>14,030</u>	<u>–</u>
	<u>37,011</u>	<u>5,792</u>
Total turnover and revenues	<u><u>1,767,748</u></u>	<u><u>5,556,429</u></u>

An analysis of the Group's turnover by principal activity and geographical area pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
(i) By principal activity		
Continuing operations:		
Property investment and management consultancy	9,612	10,230
Corporate investment and financial services	14,950	82,065
Discontinued operations:		
Sales of gold bullion and bullion financing	1,655,198	5,315,141
Sales of jewellery products	<u>50,977</u>	<u>143,201</u>
	<u><u>1,730,737</u></u>	<u><u>5,550,637</u></u>
(ii) By geographical area		
Hong Kong	1,596,758	3,573,728
People's Republic of China (excluding Hong Kong)	29,251	1,063,294
Malaysia	104,728	909,413
Australia	<u>–</u>	<u>4,202</u>
	<u><u>1,730,737</u></u>	<u><u>5,550,637</u></u>

## Notes to the Accounts *(Continued)*

### 5. GAINS LESS LOSSES ON DISPOSAL OF SUBSIDIARIES AND INTEREST IN ASSOCIATES

	2001 HK\$'000	2000 HK\$'000
Gain on reclassification of subsidiaries		
to short term listed investment (note a)	51,877	–
Gain on reclassification of an associate		
to short term listed investment (note b)	124,602	–
Gain on disposal of subsidiaries	295	–
Provision for diminution in value of short term listed investments	(255,508)	–
Loss on disposal of investment in preference shares of a subsidiary (note c)	(24,628)	–
Gain on partial disposal of a subsidiary and interest in an associate (note d)	–	137,881
Gain on deemed disposal of a subsidiary (note e)	–	68,349
Gains less losses on disposal and partial disposal of subsidiaries	–	(15,362)
Loss on deemed disposal of an associate	–	(2,552)
	<u>(103,362)</u>	<u>188,316</u>

- (a) As further detailed in note 2(IIb) to the accounts, the amount represented the gain arisen from reclassification of RNA Group from subsidiaries to short term listed investment.
- (b) As further detailed in note 16 to the accounts, the amount represented the gain derived from reclassification of Can Do Holdings Limited from interest in an associate to short term listed investment.
- (c) This represented loss arisen from disposal of preference shares of RNA before the reclassification.
- (d) For the year ended 30th April 2000, the amount represented a gain on disposal of Tem Fat Hing Fung (China) Limited, a wholly owned subsidiary, and 30% equity interest in Cheung Wo Hing Fung Enterprises Limited to Can Do Holdings Limited.
- (e) For the year ended 30th April 2000, this represented deemed gain arising on dilution of interest in RNA Group following the placement of RNA shares to third parties in September 1999 and January 2000.

## Notes to the Accounts *(Continued)*

### 6. OPERATING (LOSS) / PROFIT FOR THE YEAR

	2001 HK\$'000	2000 HK\$'000
Operating (loss) / profit of the Group for the year is stated after crediting and charging the following:		
CREDITING		
Interest income	72,757	125,485
Gross rental income from investment properties	5,107	4,323
Gain on disposal of investment securities	–	924
Write-back of revaluation deficit of investment properties previously charged to the profit and loss account	–	3,906
	<u>–</u>	<u>3,906</u>
CHARGING		
Staff costs	34,976	66,511
Depreciation	8,768	18,098
Auditors' remuneration	1,679	4,800
Provision for diminution in value of an investment security	38,000	32,000
Provision for diminution in value of other properties	–	11,000
Deficit on revaluation of an investment property	3,318	–
Operating leases on land and buildings	11,789	12,712
Outgoings in respect of investment properties	201	807
Loss on disposal of fixed assets	14,187	106
Loss on disposal of other assets	530	–
	<u>530</u>	<u>–</u>

### 7. FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts		
– wholly repayable within five years	22,090	44,588
– not wholly repayable within five years	2,192	1,997
Interest on other loans wholly repayable within five years	70,961	33,207
Interest on convertible notes wholly repayable within five years	2,509	11,242
Interest on promissory notes	20,342	37,298
	<u>118,094</u>	<u>128,332</u>

## Notes to the Accounts *(Continued)*

### 8. DISCONTINUED OPERATIONS

The combined profit and loss account information of discontinued operations is summarised based on unaudited management accounts and shown as follows:

	1st May to 18th August 2000 <i>HK\$'000</i> (i)	1st May to 31st December 2000 <i>HK\$'000</i> (ii)	2001 Total <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Turnover and other revenues	<u>1,683,834</u>	<u>25,911</u>	<u>1,709,745</u>	<u>5,461,844</u>
Profit/(loss) for the period/year	<u>11,241</u>	<u>(6,144)</u>	<u>5,097</u>	<u>(642)</u>

(i) As further detailed in note 2(IIa) to the accounts, the Group discontinued its refining, moulding, wholesaling and trading of gold bullion, the provision of loans and gold bullion financing, wholesaling and retailing of gold ornaments, diamond and jewellery products in Hong Kong as RNA Group was no longer subsidiaries of the Group.

(ii) During the year, the Group discontinued its diamond and jewellery retailing business carried out in the PRC through a subsidiary established in the PRC upon the expiry of an co-operative agreement made between the subsidiary and another PRC party on 31st December 2000.

### 9. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Fees:		
Executive	–	–
Non-executive	–	–
Independent non-executive	<u>–</u>	<u>116</u>
	–	116
Salaries, housing, other allowances and benefits in kind	1,290	6,507
Retirement benefits costs	<u>44</u>	<u>227</u>
	<u>1,334</u>	<u>6,850</u>

## Notes to the Accounts *(Continued)*

### 9. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The remuneration of the directors fell within the following bands:

	Number of directors	
	2001	2000
Nil to HK\$1,000,000	–	3
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$3,000,000	–	–
HK\$3,000,001 to HK\$3,500,000	–	1
	<u>1</u>	<u>6</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2000: Nil).

#### Five highest paid employees

Included above is one (2000: three) executive director whose emolument was among five highest paid individuals in the Group.

Details of the emoluments paid to four individuals who are not directors (2000: there were two individuals who were not directors), but whose emoluments were among the five highest in the Group are as follows:

	2001	2000
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	3,477	3,086
Bonus	88	303
Pension scheme contributions	167	129
	<u>3,732</u>	<u>3,518</u>

The remuneration of the non-director, highest paid employees fell within the following bands:

	Number of employees	
	2001	2000
Nil to HK\$1,000,000	2	–
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	–	1
	<u>4</u>	<u>2</u>

## Notes to the Accounts *(Continued)*

### 10. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Company and subsidiaries:		
Hong Kong profits tax		
– current year	117	6,135
– overprovision for prior years	(65)	–
Overseas taxation	(5)	189
Deferred taxation	–	(63)
	<u>47</u>	<u>6,261</u>
Associates:		
Hong Kong profits tax	6	–
Overseas taxation	–	266
	<u>6</u>	<u>266</u>
Jointly controlled entities:		
Overseas taxation	–	28
	<u>53</u>	<u>6,555</u>

### 11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a loss of HK\$281,316,000 (2000: a loss of HK\$164,680,000).

### 12. DIVIDENDS

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Preference dividends		
Paid of HK\$0.151 per share on 2,551,990 shares (2000: HK\$0.151 on 2,551,990 shares)	385	385
Payable of HK\$0.149 per share on 2,551,990 shares (2000: HK\$0.149 on 2,551,990 shares)	380	380
	<u>765</u>	<u>765</u>

## Notes to the Accounts (Continued)

### 13. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to shareholders after preference dividends of HK\$775,453,000 (2000: loss of HK\$44,653,000) and the weighted average of 2,421,706,199 (2000: 2,267,508,631 ordinary shares in issue) ordinary shares in issue during the year.

The diluted loss per share is not shown as the potential shares arising from the conversion of the Company's convertible preference shares would decrease the loss per share of the Group for the years ended 30th April 2001 and 30th April 2000 and are regarded as anti-dilutive.

### 14. FIXED ASSETS

#### Group

	Investment properties HK\$'000	Other properties HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation							
At 1st May 2000	179,839	97,988	78,400	27,446	14,000	12,017	409,690
Currency realignment	-	2	(65)	(29)	-	-	(92)
Additions	-	-	836	709	1,194	38	2,777
Disposals	-	(11,500)	(26,296)	(13,286)	-	(3,361)	(54,443)
Movement arising from reclassification of subsidiaries to short term listed investments	(158,100)	(85,394)	(52,875)	(14,840)	(15,194)	(2,158)	(328,561)
Deficit on revaluation	(3,318)	-	-	-	-	-	(3,318)
At 30th April 2001	<u>18,421</u>	<u>1,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,536</u>	<u>26,053</u>
Accumulated depreciation							
At 1st May 2000	-	24,975	36,592	12,901	5,825	10,089	90,382
Currency realignment	-	1	(65)	(28)	-	-	(92)
Charge for the year	-	825	4,028	2,210	450	1,255	8,768
Disposals	-	(1,573)	(17,135)	(8,001)	-	(3,304)	(30,013)
Movement arising from reclassification of subsidiaries to short term listed investments	-	(24,052)	(23,420)	(7,082)	(6,275)	(1,695)	(62,524)
At 30th April 2001	<u>-</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,345</u>	<u>6,521</u>
Net book value							
At 30th April 2001	<u>18,421</u>	<u>920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>	<u>19,532</u>
At 30th April 2000	<u>179,839</u>	<u>73,013</u>	<u>41,808</u>	<u>14,545</u>	<u>8,175</u>	<u>1,928</u>	<u>319,308</u>



## Notes to the Accounts *(Continued)*

### 14. FIXED ASSETS *(Continued)*

The analysis of the cost or valuation of investment properties and other properties of the Group at 30th April 2001 is as follows:

	<b>Investment properties outside Hong Kong (leasehold) HK\$'000</b>	<b>Other properties outside Hong Kong (freehold) HK\$'000</b>	<b>Total HK\$'000</b>
At Cost	–	1,096	1,096
At professional valuation – 2001	<u>18,421</u>	<u>–</u>	<u>18,421</u>
	<u><u>18,421</u></u>	<u><u>1,096</u></u>	<u><u>19,517</u></u>

The Group's interests in investment properties and other properties at their net book values are analysed as follows:

	<b>Group</b>	
	<b>2001 HK\$'000</b>	<b>2000 HK\$'000</b>
In Hong Kong, held on		
– leases between 10 to 50 years	–	23,000
– leases over 50 years	–	109,801
Outside Hong Kong, held on		
– freehold	920	8,812
– leases between 10 to 50 years	–	89,500
– leases over 50 years	<u>18,421</u>	<u>21,739</u>
	<u><u>19,341</u></u>	<u><u>252,852</u></u>

Investment properties were revalued at 30th April 2001 on their open market value basis by independent professional valuers, Chesterton Petty Limited.

At 30th April 2001, certain investment properties and other properties with a total net book value of approximately HK\$18,421,000 (2000: HK\$251,849,000) have been pledged to secure banking facilities granted to the Group.

## Notes to the Accounts *(Continued)*

### 14. FIXED ASSETS *(Continued)*

Company	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1st May 2000	7,086	4,392	11,478
Additions	90	38	128
Disposals	(7,176)	(2,972)	(10,148)
	<u>          </u>	<u>          </u>	<u>          </u>
At 30th April 2001	<u>          </u>	<u>1,458</u>	<u>1,458</u>
Accumulated depreciation			
At 1st May 2000	3,735	4,334	8,069
Additions	850	63	913
Disposals	(4,585)	(2,972)	(7,557)
	<u>          </u>	<u>          </u>	<u>          </u>
At 30th April 2001	<u>          </u>	<u>1,425</u>	<u>1,425</u>
Net book value			
At 30th April 2001	<u>          </u>	<u>33</u>	<u>33</u>
At 30th April 2000	<u>3,351</u>	<u>58</u>	<u>3,409</u>

### 15. SUBSIDIARIES

	Company	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Unlisted shares, at cost	111,953	111,953
Amounts due from subsidiaries	900,823	809,229
	<u>1,012,776</u>	<u>921,182</u>
Less: Provision against interests in subsidiaries	(514,102)	(323,102)
	498,674	598,080
Amounts due to subsidiaries	(358,208)	(298,360)
	<u>140,466</u>	<u>299,720</u>

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an amount due from a subsidiary of HK\$33,416,386 (2000: HK\$32,241,000) which carries interest at 8% (2000: 10%) per annum.

Details of the principal subsidiaries as at 30th April 2001, which materially affected the Group's results or assets, are set out in note 36 to the accounts.

## Notes to the Accounts (Continued)

### 16. ASSOCIATES

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of net assets	2,910	242,697
Promissory notes (note b)	–	114,000
Amounts due from associates	1,549	26,083
Amounts due to associates	(464)	(7,591)
	<u>3,995</u>	<u>375,189</u>
Investments at cost less provision		
– Shares listed in Hong Kong	–	247,298
– unlisted shares	6,668	51,295
	<u>6,668</u>	<u>298,593</u>
Market value of listed shares	–	87,443
	<u>–</u>	<u>87,443</u>
	Company	
	2001 HK\$'000	2000 HK\$'000
Amounts due from associates	243	1,027
Amounts due to associates	–	(14)
	<u>243</u>	<u>1,013</u>

- (a) As at 1st May 2000, the Group held 33.71% equity interest in its principal associate in Can Do, a listed associate. The shares of Can Do were pledged to financial creditors and banks for loan facilities granted to the Group. By the end of March 2001, due to the failure of the Group to repay the loans on time due to a bank, the bank exercised its rights under the agreement to foreclose on 4,500,000 shares which represent 2.2% of the shares held by the Group. Subsequent to the balance sheet date, 639 million of new ordinary shares of Can Do were issued and allotted to other parties. As a result, the Group's equity interest in Can Do was diluted to approximately 15.83% as at the date of approval of these accounts.

To fairly present the state of affairs of the Group as at 30th April 2001, the Group's attributable interest in Can Do as at 31st March 2001 had been reclassified as "short term listed investment" instead of "interest in an associate" and was included as part of current assets of the Group. The short term listed investment was stated at fair value of HK\$38,367,000 at the balance sheet date in the accounts, after a provision of HK\$7,908,000 was made in relation to the diminution in value. The assets and liabilities of Can Do as at 31st March 2001 together with the turnover and loss for the year then ended, as extracted from the latest audited accounts, are set out as below:

	2001 HK\$'000
Non-current assets	350,824
Current assets	240,273
Current liabilities	(601,506)
Non-current liabilities	(97,195)
Turnover	23,203
Net loss attributable to shareholders	<u>(1,124,387)</u>

## Notes to the Accounts *(Continued)*

### 16. ASSOCIATES *(Continued)*

- (b) The consolidated profit and loss account included an amount of HK\$345,399,000, being the Group's share of loss of Can Do for the year ended 31st March 2001, the date of reclassification of Can Do from an associate to short term listed investment. The amount of HK\$114,000,000 represented promissory notes due from Can Do to the Group as at 30th April 2000 which have been repaid during the year.
- (c) Details of the principal associate as at 30th April 2001 are set out in note 37 to the accounts.

### 17. JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net liabilities	(57,056)	(33,371)	–	–
Amounts due from jointly controlled entities	124,012	97,256	67,270	60,219
Amounts due to jointly controlled entities	(20)	(16)	–	–
	<u>66,936</u>	<u>63,869</u>	<u>67,270</u>	<u>60,219</u>

- (a) The amounts due from/(to) jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.
- (b) Details of the jointly controlled entities as at 30th April 2001, which materially affected the Group's results or assets, are set out in note 38 to the accounts.
- (c) Details of the subsequent events relating to the jointly controlled entities are set out in note 35(c) to the accounts.

### 18. LONG TERM RECEIVABLE

The long term receivable as at 30th April 2000 represented a loan granted by the subsidiary of RNA Group to a third party which was interest bearing at 6% per annum and repayable on 1st September 2003. The Group's equity interest in RNA Group was divested during the year and interest in RNA Group has been reclassified as short term listed investment.

## Notes to the Accounts (Continued)

### 19. INVESTMENT SECURITIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Equity securities at cost		
– listed in Hong Kong	–	82,054
– unlisted	38,000	19,994
	<u>38,000</u>	<u>102,048</u>
Provision for diminution in value	(38,000)	(43,802)
	<u>–</u>	<u>58,246</u>
Market value of listed shares	<u>–</u>	<u>25,765</u>

During the year, the Group acquired 38,000 shares in Global Cyber Limited, an unlisted company incorporated in the British Virgin Islands, at a consideration of HK\$38,000,000 which represents 3.8% equity interest held by the Group through one of its subsidiaries, Tem Fat Hing Fung Capital (BVI) Limited. In the opinion of the directors, due to the time constraint in obtaining adequate financial information regarding the carrying value of this investment at year end date, full provision for diminution in value of HK\$38,000,000 has been made against this investment in the accounts.

The investment securities as at 30th April 2000, mainly represented 15.24% equity interest in the marketable shares of Simsen International Corporation Limited held by the Group through RNA Group. The Group's equity interest in RNA Group was divested during the year and has been reclassified as short term listed investment as at 30th April 2001.

### 20. SHORT TERM LISTED INVESTMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Equity securities – listed in Hong Kong	366,289	2,389
Provision for diminution in value	(255,508)	(2,269)
	<u>110,781</u>	<u>120</u>
Market value of listed investments	<u>110,781</u>	<u>120</u>

Particulars of the major listed investments are as follows:

Name	Place of incorporation/ operation	Attributable equity interest to the Group	Principal activities
RNA Holdings Limited	Bermuda/ Hong Kong	29.60%	Investment holding
Can Do Holdings Limited	Hong Kong	32.95%	Property development and investment

As at 30th April 2001, all of the above listed investments were pledged to banks and financial creditors to secure general banking facilities granted to the Group.

## Notes to the Accounts *(Continued)*

---

### 21. LOAN, TRADE AND OTHER RECEIVABLES

	Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	4,851	55,466
Loan receivables	1,157	121,286
Other receivables	8,065	46,684
	<u>14,073</u>	<u>223,436</u>

The ageing analysis of trade debtors is as follows:

	2001
	<i>HK\$'000</i>
0-3 months	222
Over 3 months	4,629
	<u>4,851</u>

The maturity of loan receivables is analysed as follows:

	2001
	<i>HK\$'000</i>
Repayable on demand	–
Within one year	1,157
	<u>1,157</u>

The total amount of trade debtors and loan receivables of approximately HK\$52,420,000 as at 30th April 2000 represented receivables of the RNA Group. The Group's equity interest in RNA Group was divested during the year and has been reclassified as short term listed investment. Accordingly, in the opinion of the directors, a comparison of such an ageing analysis with that as at 30th April 2000 is not meaningful.

### 22. TEMPORARY DEPOSITS, ACCOUNTS PAYABLE AND ACCRUALS

As at 30th April 2001, the balance mainly represents deposits received, other payables and accrued expenses. As at 30th April 2000, included in the balance was an amount of HK\$197,857,000 trade payables which were aged within one year.

### 23. PROMISSORY NOTES

The promissory notes, bearing interest at 8% per annum, were due in December 2000. Due to the Group's failure to repay the amounts due, the borrower had filed writ of summon to demand for the repayment of the amounts due and petition for the winding-up of the Company, as further detailed in note 2(I) to the accounts.

## Notes to the Accounts (Continued)

### 24. CONVERTIBLE NOTES

	Group	
	2001 HK\$'000	2000 HK\$'000
Convertible notes	–	202,401

The balance as at 30th April 2000 represented convertible notes issued by RNA Group in 1998. As further detailed in note 2(IIb) to the accounts, interest in RNA Group has been reclassified as short term listed investment during the year, therefore the directors are of the opinion that a detailed disclosure of these convertible notes is not meaningful.

### 25. LONG TERM BANK LOANS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Long term bank loans				
– secured and wholly repayable within five years	–	50,500	–	–
– secured and not wholly repayable within five years	–	26,715	–	26,715
– unsecured and not wholly repayable within five years	–	975	–	–
	–	78,190	–	26,715
Less: Amounts due within one year and included in current liabilities	–	13,049	–	1,403
	–	65,141	–	25,312

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
The long term bank loans are repayable as follows:				
– within one year	–	13,049	–	1,403
– in the second year	–	13,665	–	1,520
– in the third to the fifth year	–	32,811	–	5,375
– after the fifth year	–	18,665	–	18,417
	–	78,190	–	26,715

During the year, the Company has been in default in repayment of bank loans according to the repayment schedules of the respective loan agreements. Accordingly, all long term loans are now reclassified as short term loans shown under current liabilities as all the outstanding bank loans have been called for immediate payment according to the relevant clauses of the loan agreements. As at 30th April 2000, other than the loan which has been in default by the Company, the remaining loan balances due from the Group were due from the RNA Group, which has now been reclassified from subsidiaries to short term listed investment as at 30th April 2001.

## Notes to the Accounts (Continued)

### 26. SHARE CAPITAL

#### Authorised:

	Ordinary shares of HK\$0.025 each		6% Convertible cumulative redeemable preference shares of HK\$1 each		Total HK\$'000
	Number of shares	HK\$'000	Number of shares	HK\$'000	
At 30th April 2000	4,000,000,000	100,000	100,000,000	100,000	200,000
Increase in authorised share capital (note b)	<u>2,800,000,000</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
At 30th April 2001	<u><u>6,800,000,000</u></u>	<u><u>170,000</u></u>	<u><u>100,000,000</u></u>	<u><u>100,000</u></u>	<u><u>270,000</u></u>

#### Issued and fully paid:

At 30th April 2000	2,267,508,631	56,688	2,551,990	2,552	59,240
Issue of shares by private placement (note c(i)&(ii))	300,564,000	7,514	-	-	7,514
Issue of shares for settlement of borrowings (note c(iii))	<u>309,320,000</u>	<u>7,733</u>	<u>-</u>	<u>-</u>	<u>7,733</u>
At 30th April 2001	<u><u>2,877,392,631</u></u>	<u><u>71,935</u></u>	<u><u>2,551,990</u></u>	<u><u>2,552</u></u>	<u><u>74,487</u></u>

#### (a) Preference shares

A holder of the convertible preference shares is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK\$5 per share to be paid half-yearly on 30th June and 31st December in each year.

A holder of the convertible preference shares may convert his shares held at any time into ordinary shares at the conversion price of HK\$0.588, subject to adjustment.

The convertible preference shares may be redeemed by the shareholders at any time after 30th June 1996 at a redemption price per share equal to the notional value plus accrued dividend.

The Company has the option to redeem all or some of the convertible preference shares at any time at the notional value of the convertible preference shares if the average of the closing prices of the Company's ordinary share quoted on the Stock Exchange over the preceding 30 consecutive dealing days ending on the seventh day prior to the date upon which notice of redemption is given is greater than or equal to 150% of the conversion price in effect on such seventh day.

- (b) Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 31st October 2000, the authorised share capital of the Company was increased to HK\$270,000,000 by the creation of 2,800 million ordinary shares of HK\$0.025 each.



## Notes to the Accounts *(Continued)*

---

### 26. SHARE CAPITAL *(Continued)*

- (c) During the year, the following changes in the Company's issued share capital took place:
- (i) On 23rd August 2000, Regent Investment Company Limited ("Regent"), a substantial shareholder of the Company, placed 167.5 million existing ordinary shares in the Company of HK\$0.025 each to certain independent private investors at a placing price of HK\$0.26 per share. Upon completion of the placement, Regent in turn subscribed for an equivalent number of 167.5 million new ordinary shares in the Company at a subscription price of the same HK\$0.26 per share. The corresponding new issue and allotment of shares was completed on 8th September 2000. The net proceeds (after share issue expenses) from the subscription of approximately HK\$42,620,000 were used for the purpose of debt reduction and general working capital of the Group.
  - (ii) On 10th January 2001, another placement was made by two substantial shareholders of the Company, Admiralty Investment Company Limited ("Admiralty") and Regent, to certain independent private investors for an aggregate up to 450 million existing ordinary shares of HK\$0.025 each at a placing price of HK\$0.243 per share. Upon completion of the placement, the total number of placing shares was reduced to 133,064,000 shares. Admiralty and Regent in turn subscribed for an equivalent number of 133,064,000 new ordinary shares in the Company at a subscription price of the same HK\$0.243 per share. The corresponding new issue and allotment of shares was completed on 23rd January 2001. The net proceeds (after share issue expenses) from the subscription of approximately HK\$30,960,000 were used for the purpose of acquisition of investment securities.
  - (iii) On 4th April 2001, subscription agreements were entered into with two creditors of the Company, UOB Kay Hian Overseas Limited ("UOB") and Richsmart Assets Limited ("Richsmart"). UOB and Richsmart subscribed for an aggregate of 309,320,000 new ordinary shares of HK\$0.025 each at a subscription price of HK\$0.1036 per share. The corresponding new issue and allotment of shares was completed on 18th April 2001. The net proceeds of the subscription of approximately HK\$32,000,000 were used to offset against the full amount due by the Company to UOB and Richsmart.
  - (iv) The excess of the share consideration over the nominal value of the issued shares in note (i) to note (iii) above of approximately HK\$92,684,000 was credited to the share premium account.
  - (v) The above new shares rank *pari passu* with the existing shares in all respects.

(d) Share options

Under the share option scheme of the Company approved by the shareholders in the annual general meeting held on 27th October 1998, the Board may at their discretion invite any full-time employees, including full-time executive directors, of the Group to take up options to subscribe for ordinary shares of HK\$0.025 each of the Company subject to the terms and conditions stipulated in the scheme. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued capital of the Company.

Details of share options granted subsequent to the balance sheet date are set out in note 35(a) to the accounts.

- (e) Details of changes in the Company's issued share capital subsequent to the balance sheet date are set out in note 35(a) to the accounts.

## Notes to the Accounts (Continued)

### 26. SHARE CAPITAL (Continued)

(f) The capital restructuring included in the Restructuring Proposal as mentioned in note 2(I) to the accounts involve the following steps:

(i) The nominal value of the 4,222,563,741 issued shares as at the date of approval of these accounts will be reduced from HK\$0.025 to HK\$0.00025 each. As a result, the Company's issued share capital of HK\$105,564,094 will be reduced by HK\$104,508,453 to HK\$1,055,641.

The entire credit balance of HK\$104,508,453 arising from the capital reduction shall be applied to reduce the accumulated losses of the Company.

(ii) Each of the 2,577,436,259 unissued shares of HK\$0.025 each will be subdivided into 100 unissued shares of HK\$0.00025 each and hence the total unissued shares will become 257,743,625,900.

(iii) Every 200 shares of HK\$0.00025 each will be consolidated into one new share of nominal value of HK\$0.05. Accordingly, 4,222,563,741 issued shares of HK\$0.00025 each will be consolidated into 21,112,819 new shares of HK\$0.05 each and 257,743,625,900 unissued shares of HK\$0.00025 each will be consolidated into 1,288,718,130 unissued new shares of HK\$0.05 each.

(iv) Authorised share capital will be increased from HK\$65,491,547, comprising 21,112,819 issued new shares and 1,288,718,130 unissued new shares of HK\$0.05 each, to HK\$200,000,000 divided into 4,000 million new shares of HK\$0.05 each.

### 27. RESERVES

#### Group

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st May 2000	578,932	129,096	2,239	6,742	53,131	(39,483)	(562,628)	168,029
Exchange translation differences	-	-	-	-	-	1,405	-	1,405
Issue of ordinary shares	92,684	-	-	-	-	-	-	92,684
Share issue expenses	(2,313)	-	-	-	-	-	-	(2,313)
Share of reserve movements of associates	-	-	-	(6,742)	-	(29)	-	(6,771)
Realisation of reserves/ capital reserve upon reclassification of subsidiaries and an associate to short term listed investments	-	(87,300)	-	-	(53,131)	(727)	-	(141,158)
Loss for the year	-	-	-	-	-	-	(774,688)	(774,688)
Dividends	-	-	-	-	-	-	(765)	(765)
At 30th April 2001	<u>669,303</u>	<u>41,796</u>	<u>2,239</u>	<u>-</u>	<u>-</u>	<u>(38,834)</u>	<u>(1,338,081)</u>	<u>(663,577)</u>
Retained by:								
Company and subsidiaries	669,303	-	2,239	-	-	5,023	(1,252,126)	(575,561)
Jointly controlled entities	-	41,796	-	-	-	(43,857)	(85,955)	(88,016)
At 30th April 2001	<u>669,303</u>	<u>41,796</u>	<u>2,239</u>	<u>-</u>	<u>-</u>	<u>(38,834)</u>	<u>(1,338,081)</u>	<u>(663,577)</u>

## Notes to the Accounts (Continued)

### 27. RESERVES (Continued)

#### Group (Continued)

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st May 1999	578,932	48,576	2,239	125,891	53,131	(33,767)	(515,901)	259,101
Exchange translation differences	-	-	-	-	-	(1,412)	-	(1,412)
Goodwill on acquisition of a subsidiary and an associate	-	-	-	-	-	-	(2,074)	(2,074)
Share of reserve movements of associates	-	6,447	-	114,024	-	(88)	-	120,383
Realisation of reserves/ capital reserve upon partial disposal and disposal of subsidiaries and interest in an associate	-	74,073	-	(233,173)	-	(4,216)	-	(163,316)
Loss for the year	-	-	-	-	-	-	(43,888)	(43,888)
Dividends	-	-	-	-	-	-	(765)	(765)
At 30th April 2000	<u>578,932</u>	<u>129,096</u>	<u>2,239</u>	<u>6,742</u>	<u>53,131</u>	<u>(39,483)</u>	<u>(562,628)</u>	<u>168,029</u>
Retained by:								
Company and subsidiaries	578,932	78,135	2,239	-	53,131	4,311	(408,753)	307,995
Associates	-	9,165	-	6,742	-	63	(91,605)	(75,635)
Jointly controlled entities	-	41,796	-	-	-	(43,857)	(62,270)	(64,331)
At 30th April 2000	<u>578,932</u>	<u>129,096</u>	<u>2,239</u>	<u>6,742</u>	<u>53,131</u>	<u>(39,483)</u>	<u>(562,628)</u>	<u>168,029</u>

## Notes to the Accounts (Continued)

### 27. RESERVES (Continued)

#### Company

	<b>Share premium</b>	<b>Capital redemption reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st May 1999	578,932	2,239	(328,025)	253,146
Loss for the year	–	–	(164,680)	(164,680)
Dividends	–	–	(765)	(765)
	<u>578,932</u>	<u>2,239</u>	<u>(328,025)</u>	<u>253,146</u>
At 30th April 2000	578,932	2,239	(493,470)	87,701
Issue of ordinary shares	92,684	–	–	92,684
Share issue expenses	(2,313)	–	–	(2,313)
Loss for the year	–	–	(281,316)	(281,316)
Dividends	–	–	(765)	(765)
	<u>92,684</u>	<u>–</u>	<u>(281,316)</u>	<u>(281,316)</u>
At 30th April 2001	<u>669,303</u>	<u>2,239</u>	<u>(775,551)</u>	<u>(104,009)</u>

### 28. DEFERRED TAXATION

No provision for deferred taxation has been made as the effect of all timing differences is insignificant (2000: Nil).

The principal component of an unrecognised deferred tax asset is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax losses	<u>64,580</u>	<u>52,448</u>	<u>48,278</u>	<u>38,571</u>

Deferred taxation has not been provided on revalued assets because the revaluation does not constitute a timing difference.

## Notes to the Accounts *(Continued)*

### 29. CONTINGENT LIABILITIES

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees have been given in respect of banking facilities of RM250,000,000 available to jointly controlled entities (an amount of HK\$160,155,000 was utilised as at 30th April 2001 (2000: HK\$169,370,000))	160,155	169,370
Guarantees in respect of certain obligations of an associate	–	418,000
Guarantees in respect of certain obligations of an investee company	148,000	–
Others	3,000	–
	<u>311,155</u>	<u>587,370</u>
	<u>311,155</u>	<u>587,370</u>
	<b>Company</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees have been given in respect of banking facilities made available to:		
– subsidiaries	66,900	80,000
– jointly controlled entities	160,155	169,370
Guarantees in respect of certain obligations of an associate	–	418,000
Guarantees in respect of certain obligations of an investee company	148,000	–
	<u>375,055</u>	<u>667,370</u>
	<u>375,055</u>	<u>667,370</u>

### 30. CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments for property, plant and equipment:		
Contracted but not provided for		
– Company and subsidiaries	–	636
– jointly controlled entities	–	806
	<u>–</u>	<u>1,442</u>
	<u>–</u>	<u>1,442</u>

## Notes to the Accounts *(Continued)*

### 31. COMMITMENTS UNDER OPERATING LEASES

	Group	
	2001	2000
	HK\$'000	HK\$'000
At 30th April 2001, the Group had commitments to make payments in the next twelve months under operating leases which expire as follows:		
Land and buildings		
– within one year	694	1,701
– in the second to fifth year inclusive	3,000	14,365
	<u>3,694</u>	<u>16,066</u>

### 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating (loss) / profit for the year after finance costs to net cash outflow from operating activities

	2001	2000
	HK\$'000	HK\$'000
Operating (loss)/profit for the year after finance costs	(399,883)	24,515
Finance costs	118,094	128,332
Interest income	(72,757)	(125,485)
Gain on partial disposal/disposal of subsidiaries and interest in an associate	(295)	(122,519)
Gain on deemed disposal of a subsidiary	–	(68,349)
Gain on disposal of investment securities	–	(924)
Loss on disposal of other assets	530	–
Provision for accounts receivable	82,997	20,540
Provision for diminution in value of other properties	–	11,000
Provision for diminution in value of an investment security	38,000	32,000
Loss on disposal of fixed assets	14,187	106
Loss on deemed disposal of an associate	–	2,552
Deficit / (surplus) on revaluation of investment properties	3,318	(3,906)
Depreciation	8,768	18,098
Loss on disposal of investment in preference shares of a subsidiary	24,628	–
Gain on reclassification of a subsidiary to short term listed investment	(51,877)	–
Gain on reclassification of an associate to short term listed investment	(124,602)	–
Provision for diminution in value of short term listed investments	255,508	–
Decrease in short term listed investments	44,762	6,964
Decrease in gold bullion and inventories	12,309	5,823
Increase in bullion finance debtors and loan, trade and other receivables	(184,769)	(218,096)
Decrease in prepayments and deposits	39,386	56,658
Decrease/(increase) in net amount due from bullion brokerage customers	55,668	(22,201)
Decrease in amount due from a shareholder of an associate	–	42,435
(Decrease)/increase in temporary deposits, accounts payable and accruals	(97,691)	151,233
(Decrease)/increase in gold loan payables	(4,988)	8,478
Exchange translation differences	1,656	(1,198)
Net cash outflow from operating activities	<u>(237,051)</u>	<u>(53,944)</u>

## Notes to the Accounts (Continued)

### 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

#### (b) Analysis of changes in financing during the year

	Share capital and share premium		Convertible notes		Minority interests		Bank loans, other loans and promissory notes	
	2001	2000	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st May	638,172	638,172	202,401	231,426	612,802	265,916	619,795	342,255
Proceeds on placement of new shares	107,931	-	-	-	-	-	-	-
Share issue expenses	(2,313)	-	-	-	-	-	-	-
Increase in amounts due to minority shareholders	-	-	-	-	216	-	-	-
Proceeds on placement of new shares by a listed subsidiary	-	-	-	-	-	380,841	-	-
New bank and other loans	-	-	-	-	-	-	198,534	765,464
Repayment of bank and other loans	-	-	-	-	-	-	(66,294)	(458,816)
Repayment of promissory notes	-	-	-	-	-	-	-	(5,000)
Exchange realignment	-	-	-	-	-	-	278	-
Net cash inflow from financing	105,618	-	-	-	216	380,841	132,518	301,648
Arising from reclassification of subsidiaries to short term listed investment	-	-	(202,401)	-	(588,239)	-	(205,071)	-
Consideration for partial disposal of subsidiary to offset amount due to minority shareholders	-	-	-	-	(29,818)	-	-	-
Conversion of convertible notes into ordinary shares of a subsidiary	-	-	-	(29,025)	-	-	-	-
Share of loss and reserve movements	-	-	-	-	5,531	(9,808)	-	-
Gains less losses on disposal of subsidiaries	-	-	-	-	-	(53,172)	-	-
Investment in a subsidiary by minority shareholders	-	-	-	-	-	29,025	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(72,000)
Notional interest on promissory notes	-	-	-	-	-	-	-	47,892
	-	-	(202,401)	(29,025)	(612,526)	(33,955)	(205,071)	(24,108)
Balance at 30th April	743,790	638,172	-	202,401	492	612,802	547,242	619,795

## Notes to the Accounts *(Continued)*

### 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(c) Sales of subsidiaries

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Net assets disposed of:		
Fixed assets	–	3,850
Investment in an associate	–	88,878
Loan, trade and other receivables	–	202
Prepayments and deposits	–	47
Accounts payable and accrued expenses	(295)	(463)
Bank and other loans	–	(72,000)
	<u>–</u>	<u>–</u>
	(295)	20,514
Exchange reserve realised	–	(287)
Capital reserve arising on disposal	–	74,073
Gains less losses on disposal of subsidiaries and interest in an associate	295	137,696
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>231,996</u>
Satisfied by:		
Cash considerations	–	41,844
Set off by the amount payable by the Group for subscription of rights issue in Can Do	–	111,250
Promissory notes issued by Can Do	–	79,000
	<u>–</u>	<u>–</u>
	–	232,094
Less: Cash and cash equivalents disposed of	–	98
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>231,996</u>



## Notes to the Accounts *(Continued)*

### 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(d) Reclassification of subsidiaries to short term listed investment

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Net assets deconsolidated:		
Non-current assets	505,700	–
Current assets	1,456,699	–
Current liabilities	(430,352)	–
Share capital and premium	(127,000)	–
Minority interests	(588,239)	–
Convertible notes	(202,401)	–
Long term liabilities	(205,071)	–
	<u>409,336</u>	<u>–</u>
Exchange reserve realised	(3,008)	–
Capital reserve realised	(7,628)	–
Other properties revaluation reserve realised	(53,132)	–
Gains on reclassification of subsidiaries to short term listed investment	51,877	–
	<u>397,445</u>	<u>–</u>
Satisfied by:		
Reclassified as short term listed investment	364,656	–
Set off by the amount payable by the Group	32,789	–
	<u>397,445</u>	<u>–</u>

Analysis of the net inflow of cash and cash equivalents in respect of the reclassification of subsidiaries to short term listed investment:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Cash and bank balances disposed of	(5,977)	–
Short term bank loans and overdrafts disposed of	128,094	–
	<u>122,117</u>	<u>–</u>

## Notes to the Accounts *(Continued)*

### 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(e) Purchase of a subsidiary

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Net assets acquired		
Loan, trade and other receivables	–	11,809
Prepayments and deposits	–	4
Accounts payable and accrued expenses	–	(200)
Tax payable	–	(11,550)
	<u>–</u>	<u>–</u>
Goodwill	–	63
	<u>–</u>	<u>187</u>
	<u>–</u>	<u>250</u>
Satisfied by:		
Cash considerations	–	250
	<u>–</u>	<u>250</u>

### 33. LITIGATION

The Company has been involved in a material litigation in respect of an allegation made by a promissory note holder for the outstanding amount payable of HK\$357,175,000 together with the interest accrued of approximately HK\$12,473,000 thereon and petition was made by that promissory note holder for the winding up of the Company. It is not possible to determine the outcome of this proceedings with reasonable certainty at this stage and in the opinion of the directors of the Company, the outstanding amounts will be settled upon the completion of debt restructuring proposal as referred to in note 2(I) to the accounts and proper disclosure has been made in the accounts.

### 34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Details of the Group's significant transactions with the related parties during the year, together with balances with them as at 30th April 2001, are as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Investee companies:		
Rental expenses	3,806	–
Balances due to the Group	1,684	–
Less: Provision	<u>1,413</u>	<u>–</u>
Associates:		
Interest income	11,240	4,577
Balances due from the Group	464	7,591
Balances due to the Group	<u>1,549</u>	<u>26,083</u>
Jointly controlled entities:		
Consultancy fee	2,400	3,157
Balances due from the Group	20	16
Balances due to the Group	<u>124,012</u>	<u>97,256</u>

It is opined that the above transactions were entered into at normal commercial terms. The balances are unsecured, interest free and with no fixed repayment term.

## Notes to the Accounts *(Continued)*

---

### 35. SUBSEQUENT EVENTS

- (a) On 3rd May 2001, the Company granted 200 million share options, exercisable at a subscription price of HK\$0.026 per share, under the share option scheme to employees of the Company for the subscription of new ordinary shares in the Company. 80 million of share options were exercised on 4th May 2001 and another 80 million were exercised on 7th May 2001. The remaining balance of 40 million share options were exercised on 9th May 2001. They resulted in the issue and allotment of 200 million new ordinary shares in the Company of HK\$0.026 each for a total cash consideration received of HK\$5,200,000.

On 8th May 2001, the Company granted a further 19 million share options, exercisable at a subscription price of HK\$0.026 per share under the share option scheme. The share options were exercised on 9th May 2001 and resulted in the issue and allotment of 19 million new ordinary shares of HK\$0.026 each in the Company for a total cash consideration received of HK\$494,000.

On 15th May 2001, the Company entered into subscription agreements with certain creditors of the Company relating to a subscription of a total of 1,543,245,361 new ordinary shares at a subscription price of HK\$0.027 per share. On 4th June 2001, the Company and one of the creditors agreed to terminate a subscription agreement for the subscription of 417,074,251 new ordinary shares. The remaining balance of 1,126,171,110 new ordinary shares at HK\$0.027 each was subscribed and resulted in the issue and allotment of new ordinary shares on 24th July 2001. The net proceeds of approximately HK\$30,400,000 were used by the Company to offset the existing debts owed to the creditors.

All of the above new shares rank *pari passu* with the existing shares in all respects.

On 29th May 2001, 2,000 shares of 6% convertible cumulative redeemable preference shares of HK\$1 each were redeemed by a shareholder at a redemption price of HK\$5 per share. An amount of profit of HK\$2,000 was transferred to capital redemption reserve and the share premium account was reduced by HK\$8,000 as a result thereof.

- (b) Subsequent to the balance sheet date, the Group has paid severance payment of approximately HK\$2,600,000 to about 50 employees to terminate their employment contracts.
- (c) The Company has provided corporate guarantees to certain overseas banks in respect of credit facilities granted to its jointly controlled entities. The amount of these facilities drawn down was approximately HK\$160,155,000 as at 30th April 2001, which has been disclosed as part of the Group's and Company's contingent liabilities (note 29 to the accounts). Subsequent to the balance sheet date, as the jointly controlled entities have breached the covenants of the agreements for these guaranteed borrowings, the Company has received several notices for demand payments of these outstanding borrowings around the year end of 2001. In addition, the financial creditors of three jointly controlled entities have appointed a receiver and manager to take over the management of these jointly controlled entities subsequent to the balance sheet date. However, in the opinion of the directors, the final outcome of the receivership is still uncertain and the financial effect to the Group cannot be estimated.

On 18th September 2001, corporate guarantees of approximately HK\$148,000,000 (note 29 to the accounts) given by the Company in respect of certain obligations of an investee company have been released.

## Notes to the Accounts *(Continued)*

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company	Place of incorporation/ operation	Issued and paid up capital	Attributable percentage of shares held		Class of shares held	Principal activities
			Directly	Indirectly		
TEMFAT Properties Limited	Hong Kong	HK\$600,000	–	100%	Ordinary	Property investment and management
Tem Fat Hing Fung Capital (BVI) Limited	British Virgin Islands	HK\$1	100%	–	Ordinary	Investment holding
Tem Fat Hing Fung Capital Limited	Hong Kong	HK\$2	–	100%	Ordinary	Securities investment
Shanghai Non-Ferrous Metals Hing Fung Properties Development Limited	The People's Republic of China	RMB87,350,400	–	100%	Ordinary	Property development and investment
Sky Lead International Limited	British Virgin Islands	US\$1	100%	–	Ordinary	Investment holding
TEMFAT Architectural Design Services Limited	Hong Kong	HK\$2	–	100%	Ordinary	Architectural interior consultancy
Hing Fung Capital Management Limited	Hong Kong	HK\$2	–	100%	Ordinary	Capital management
TEMFAT Management Consultants Limited	Hong Kong	HK\$5,000,000	–	100%	Ordinary	Management consultancy

## Notes to the Accounts *(Continued)*

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ operation	Issued and paid up capital	Attributable percentage of shares held		Class of shares held	Principal activities
			Directly	Indirectly		
Lucas Consultants Limited	British Virgin Islands	US\$1	100%	–	Ordinary	Management services
TEMFAT Investments (Holdings) Limited	British Virgin Islands	US\$1	100%	–	Ordinary	Investment holding
Volaton Limited	British Virgin Islands	US\$1	100%	–	Ordinary	Investment holding
Chimstar Limited	British Virgin Islands	US\$10,000	–	100%	Ordinary	Investment holding
Vast Profits Limited	British Virgin Islands	US\$3	66.7%	–	Ordinary	Investment holding
Chain Gold Agents Limited	British Virgin Islands/Hong Kong	US\$1	100%	–	Ordinary	Investment holding
Peniston Developments Limited	British Virgin Islands/Hong Kong	US\$1	–	100%	Ordinary	Investment holding
Tem Fat Hing Fung Investments (China) Limited	Hong Kong	HK\$186,174,592	–	100%	Ordinary	Investment holding
Leck Chiong Limited	British Virgin Islands	US\$1	–	100%	Ordinary	Property investment
Tem Fat Hing Fung (Malaysia) Sdn. Bhd.	Malaysia	RM2,500,000	100%	–	Ordinary	Investment holding and provision of management services

## Notes to the Accounts *(Continued)*

---

### 37. PARTICULARS OF PRINCIPAL ASSOCIATE

<b>Company</b>	<b>Place of Incorporation/ operation</b>	<b>Principal activities</b>	<b>Attributable equity interest</b>
Popular International Investment Limited	Hong Kong	Sales of ginseng & bird's nest	50%

### 38. PARTICULARS OF JOINTLY CONTROLLED ENTITIES

<b>Company</b>	<b>Place of Incorporation/ operation</b>	<b>Principal activities</b>	<b>Attributable equity interest</b>
Yetcome Investments Limited	British Virgin Islands	Investment holding	33%
T & T Properties Sdn. Bhd.	Malaysia	Property development	33%
Prizevest Sdn. Bhd.	Malaysia	Property development	23%
Top Priority Sdn. Bhd.	Malaysia	Property development	23%
Victec Enterprise Sdn. Bhd.	Malaysia	Property development	23%

### 39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 40. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the Board on 9th August 2002.