

Connected Transactions

The following connected transactions (“Transactions”) entered into between the Group and RNA Holdings Limited (“RNA”) and its subsidiaries (“RNA Group”) for the year ended 30th April 2001 are of a continuing nature. Transactions (1) and (2) are covered by a waiver letter dated 21st January 1997 granted by The Stock Exchange of Hong Kong Limited (the “Waiver”):

- (1) indemnities given by Mr. Chan Fat Chu, Raymond, Mr. Chan Fat Leung, Alexander and the Company to RNA Group dated 18th November 1996 in respect of any Hong Kong estate duty which might be payable by any members of RNA Group by reason of transfer of property to RNA Group;
- (2) indemnity given by the Company to RNA Group dated 8th November 1996 against all costs and expenses which RNA Group may incur with respect to the transfer of the title of various properties set out below from Malayan Marine Industries Berhad to M.A.H.F. Precious Metal Refinery Sdn. Bhd. or RNA Goldsmith And Refinery (M) Sdn. Bhd., as the case may be:

Ground Floor and Unit No. 6 on 6th Floor,
Unit Nos. 1, 4, 5 and 8 on 1st Floor,
Unit Nos. 1, 4 and 8 on 2nd Floor,
Unit Nos. 1, 4 and 5 on 3rd Floor, and
Unit Nos. 1 and 4 on 6th Floor,
The Penang Gold and Jewellery Exchange Centre,
122 Jalan Sungai,
Town of Georgetown,
North East District,
Penang.

Lot No. 1469 and part of Lot No. 1470, Section 9W,
Jalan Sungai,
Town of Georgetown,
North East District,
Penang.

The Waivers are subject to the following conditions:

- (a) Transactions (1) and (2) will be carried out in accordance with the terms of the agreement relating to the transaction in question or in the usual and ordinary course of business of the Group on normal commercial terms and are fair and reasonable so far as the shareholders of the Company are concerned.
- (b) details of Transactions (1) and (2) will be disclosed in the annual report and accounts of the Company as set out in Rules 14.25(1)(A) to (D) of the Listing Rules.
- (c) the independent non-executive directors of the Company shall review annually Transactions (1) and (2) and confirm in the annual report of the Company that:
 - (i) Transactions (1) and (2) have been entered into by the Group in the ordinary and usual course of its business;
 - (ii) Transactions (1) and (2) have been entered into either on normal commercial terms or on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and

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- (iii) Transactions (1) and (2) have been carried out in accordance with the terms of the agreement governing Transactions (1) and (2).
- (d) The auditors of the Company shall be engaged to review Transactions (1) and (2) annually and provide the board of directors of the Company with a letter stating that:
 - (i) Transactions (1) and (2) have been received the approval of the independent non-executive directors of the Company; and
 - (ii) Transactions (1) and (2) have been entered into on normal commercial terms or in accordance with the terms of the respective agreements relating to Transactions (1) and (2).

The conditions set out in (a) to (d) above have been fulfilled.

- (3) An agreement (“Property Income Agreement”) was entered into between the Company and Tem Fat Hing Fung Investments (Holdings) Limited (“Tem Fat Investments”), the then wholly-owned subsidiary of RNA, on 16th April 1999 pursuant to which the Company has agreed to retain the sole benefit of HK\$10,000,000, being payment of rental in advance by an existing independent third party tenant of certain areas of Cheung Fat Building located at 7-9 Hill Road, Western District, Hong Kong (in lieu of rent for the period from February 1999 to May 2004), and in consideration for this the Company shall pay Tem Fat Investments monthly a sum of HK\$250,000 for 60 consecutive months commenced on 3rd May 1999. A total of HK\$15,000,000 will be payable by the Company to Tem Fat Investments over a five year period pursuant to the Property Income Agreement.

As Tem Fat Investments became an indirect wholly-owned subsidiary of RNA on 6th May 1999, the payment made by the Company to Tem Fat Investments pursuant to the Property Income Agreement constituted a connected transaction for the Company. The Property Income Agreement was approved by the independent shareholders at the special general meeting of the Company held on 5th May 1999.

- (4) On 6th May 1999, twelve tenancy agreements (“Tenancy Agreements”) were entered into between Tem Fat Investments as landlord and the Company or certain subsidiaries of the Company as tenants for the leasing of an aggregate of approximately 1,664.90 square metres of certain areas in Cheung Fat Building located at 7-9 Hill Road, Western District, Hong Kong for a term of 2 years commencing from 1st May 1999 at an average monthly rental of approximately HK\$255,113. The Tenancy Agreements can be terminated by Tem Fat Investments giving six months’ notice to the Group or by the Group giving one month’s notice to Tem Fat Investments. Six of which were terminated with effect from 1st March 2001 for an aggregate of approximately 921.26 square metres at the aggregate monthly rental of approximately HK\$118,500.

As the aggregate annual rental payable by the Group to Tem Fat Investments under the Tenancy Agreements fall within the de minimis level as stipulated under paragraph 14.25(1) of the Listing Rules, no approval of the independent shareholders of the Company was required.

The Company confirms that all disclosure requirements as required by Chapter 14 of the Listing Rules have been complied with for each of the connected transactions numbered (3) and (4).