NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Statements of the Group are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and in compliance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The accounting policies and basis of presentation used in the preparation of the Interim Financial Statements are consistent with those used in the audited financial statements for the year ended 30 April 2002, except that the following new/revised SSAPs have been adopted for the first time in the preparation of the current period's Interim Financial Statements:

SSAP 1 (Revised)	:	"Presentation of financial statements"
SSAP 11 (Revised)	:	"Foreign currency translation"
SSAP 15 (Revised)	:	"Cash flow statements"
SSAP 34	:	"Employee benefits"

A summary of their major effects is as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is that a statement of changes in equity is in place of a statement of recognised gains and losses that was previously required. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of this revised SSAP on the condensed consolidated financial statements is that the profit and loss accounts of overseas subsidiaries and associates are now translated into Hong Kong dollars at the weighted average rates for the period, whereas previously they were translated at the exchange rates ruling at the balance sheet date as was previously required. The adoption of the revised SSAP 11 has had no material effect on the condensed consolidated statements for the current interim period.

SSAP 15 (Revised) prescribes the provision of information about historical changes in cash and cash equivalents by means of a cash flow statement which classifies cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has had no material impact on these condensed consolidated financial statements.

2. BASIS OF PRESENTATION – GOING CONCERN

The Group recorded a net loss from ordinary activities attributable to shareholders of HK$44.7 million for the six months ended 31 October 2002. As at 31 October 2002, the Group had net assets of HK$1,099.5 million and net current liabilities of HK$362.8 million. The total outstanding indebtedness of the Group amounted to HK$598 million as at 31 October 2002, comprising bank loans of HK$165 million, convertible notes of HK$129 million, promissory notes of HK$39 million, convertible bonds of HK$85 million and other borrowings of HK$180 million. Of this total indebtedness, certain bank and other borrowings and convertible notes amounting to HK$99 million and HK$18 million, respectively were in default as at the balance sheet date. By the end of March 2003, the total outstanding indebtedness had increased from HK$598 million to HK$972 million (excluding trade and other payables and convertible notes held by a subsidiary of the Company), which included bank loans of HK$166 million, convertible notes of HK$141 million, promissory notes of HK$83 million, convertible bonds of HK$87 million and other borrowings of HK$495 million.

In addition, as at 31 October 2002, there was a breach in a financial covenant underlying a gold loan facility granted to the Group which requires the maintenance of the Group's consolidated net tangible assets at not less than HK$800 million. This also triggered the breach of certain cross-default covenant underlying certain other borrowings. The total outstanding borrowings in respect of the above affected in this connection amounted to HK$266 million, including payable for gold purchases of HK$13 million, convertible notes of HK$129 million, convertible bonds of HK$85 million and promissory notes of HK$39 million as at 31 October 2002.

By the end of March 2003, the total outstanding indebtedness affected by the above-mentioned covenants amounted to HK$302 million. Based on the terms of the respective loan and/or indebtedness documents, financial creditors of these borrowings may serve notice to the Group to declare these borrowings immediately due and repayable. Unless and until such notice is served, all these borrowings remain repayable in accordance with their original stated maturity dates. Of these borrowings HK$210 million were repaid upon completion of the Debt Restructuring on 15 July 2003, which was settled by the issuance of three-year zero coupon convertible bonds and/or new ordinary shares of the Company for settlement of the Group's outstanding debts owed to them. One of the financial creditors of the Group with an outstanding claim of HK$59 million agreed to replace its existing claim with new promissory notes of which the terms are the same as those of the convertible bonds issued under the Debt Restructuring.

As at 31 October 2002, the Group was also technically in breach of certain other covenant (including financial covenant) governing the issue of convertible notes payable with an aggregate outstanding principal denomination of US$16,560,000 (approximately HK$129 million).

Subsequent to the balance sheet date on 14 July 2003, the debt restructuring was approved by shareholders of the Company (the "Debt Restructuring"), pursuant to which 17,011,153,137 new ordinary shares were issued for approximately HK$340 million to certain creditors of the Group to settle the outstanding indebtedness. As a result, the total current liabilities and non-current liabilities as at the end of March 2003 had been reduced by HK$316 million and HK$24 million, respectively. Accordingly, the net asset value of the Group had also been increased by the same amount. Under the Debt Restructuring, the Company also issued three-year zero coupon convertible bonds of an aggregate amount of approximately HK$423 million to certain creditors of the Group to repay the outstanding debts owed to them to the same extent. This resulted in the current liabilities of the Group of approximately HK$212 million being deferred for repayment and thereby reclassified as the non-current liabilities of the Group.

2. **BASIS OF PRESENTATION – GOING CONCERN** (continued)

In preparing the Interim Financial Statements, the directors have considered the future liquidity of the Group particularly in light of the completion of the issuance of convertible bonds during the period, the completion of the Debt Restructuring subsequent to 31 October 2002, along with financing and other measures to be forthcoming. On the basis that continued financial support is extended by its principal bankers and creditors of the Group and the recovery of the Group's long term receivables, money loan and accounts receivable outstanding as at the balance sheet date and subsequent thereto, the directors are satisfied that the liquidity of the Group can be maintained in the foreseeable future and thereby it is appropriate to prepare the Interim Financial Statements on a going concern basis notwithstanding the conditions prevailing at 31 October 2002 and subsequently thereto up to the date of approval of the Interim Financial Statements. However, the validity of the going concern basis is dependent upon the ability of the Group to recover the long term receivables and money loans and accounts receivable as set out in notes 8 and 9 to the Interim Financial Statements. Provided that continued financial support is extended by its principal bankers and creditors of the Group and financing and other measures are forthcoming, the Group will be able to meet its financial obligations as they fall due in the foreseeable future.

The Interim Financial Statements do not incorporate any adjustments for the possible failure of the above mentioned measures and therefore the continuance of the Company and the Group as a going concern. Should the Group and Company be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's and the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities, respectively. The effect of these potential adjustments has not been reflected in the Interim Financial Statements.

3. **SEGMENT INFORMATION**

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments by products are as follows:

(a) the sale of gold bullion;
(b) the sale of gold ornaments, diamonds and other jewellery products;
(c) money lending and bullion financing;
(d) provision of an Internet-based electronic trading system to facilitate trading of precious metals, and related business; and
(e) corporate and property holding, including general corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. SEGMENT INFORMATION (continued)

The following table presents revenue and profit/(loss) for the Group's business segments.

	Sale of gold bullion		Sale of gold ornaments, diamonds and jewellery products		Money lending and bullion financing		Provision of Internet-based electronic trading system		Corporate and property holding		Eliminations		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	unaudited	unaudited	**unaudited**	unaudited	**unaudited**	unaudited	**unaudited**	unaudited	**unaudited**	unaudited	**unaudited**	unaudited	**unaudited**	unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**2,073,395**	5,425,595	**9,262**	29,850	**3,482**	5,081	**102**	179	**–**	–	**–**	–	**2,086,241**	5,460,705
Intersegment sales	**1,173,347**	1,958,027	**680**	11,283	**–**	–	**2,267**	2,499	**–**	–	**(1,176,294)**	(1,971,809)	**–**	–
Other revenue	**12,250**	–	**–**	–	**–**	–	**132**	–	**3,435**	8,726	**–**	–	**15,817**	8,726
Total	**3,258,992**	7,383,622	**9,942**	41,133	**3,482**	5,081	**2,501**	2,678	**3,435**	8,726	**(1,176,294)**	(1,971,809)	**2,102,058**	5,469,431
Segment results	**(18,414)**	65,580	**(2,440)**	(6,170)	**(628)**	3,670	**(3,841)**	(1,665)	**(4,468)**	(13,184)	**(973)**	–	**(30,764)**	48,231
Interest income													**11**	50
Profit/(loss) from operating activities													**(30,753)**	48,281
Finance costs													**(27,691)**	(26,629)
Share of profits and losses of associates													**32,832**	38,372
Amortisation of goodwill on acquisition of associates													**(19,033)**	(37,455)
Share of losses of jointly-controlled entities													**(1,603)**	–
Profit/(loss) before tax													**(46,248)**	22,569
Tax													**(39)**	(2,282)
Profit/(loss) before minority interests													**(46,287)**	20,287
Minority interests													**1,553**	1,463
Net profit/(loss) from ordinary activities attributable to shareholders													**(44,734)**	21,750

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging:

	Unaudited Six months ended 31 October	
	2002	2001
	HK$'000	*HK$'000*
Staff costs	**23,038**	29,776
Depreciation	**5,179**	5,977
Loss on disposal of fixed assets	**3**	2,078

5. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. In the prior period, Hong Kong profits tax was provided at a rate of 16% on the estimated assessable profits. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

	Unaudited Six months ended 31 October	
	2002	2001
	HK$'000	*HK$'000*
Current period provisions:		
Hong Kong	**(16)**	2,282
Elsewhere	**55**	–
Tax charge for the period	**39**	2,282

No provision for deferred tax has been made as the net effect of all timing differences is insignificant (2001: Nil).

The revaluation of the Group's investment properties in Hong Kong does not constitute any significant timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the unaudited net loss from ordinary activities attributable to shareholders for the six months ended 31 October 2002 of HK$44,734,000 (2001: unaudited net profit of HK$21,750,000) and on the weighted average of 12,376,135,085 (2001: 2,657,694,263) ordinary shares in issue during the period.

A diluted loss per share amount for the six months ended 31 October 2002 has not been disclosed because the share options, convertible notes, convertible bonds and redeemable convertible preference shares outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

6. EARNINGS/(LOSS) PER SHARE (continued)

The calculation of diluted earnings per share for the six months ended 31 October 2001 was based on the unaudited adjusted net profit from ordinary activities attributable to shareholders of HK$24,093,000 after adding back interest on convertible notes, net of tax, of HK$2,343,000 and the weighted average number of 2,657,694,263 ordinary shares in issue during the period plus (i) 456,019,938 ordinary shares deemed to be issued if all the convertible notes outstanding had been fully converted and (ii) 223,730,004 ordinary shares deemed to be issued if all the convertible redeemable preference shares had been converted. The calculation of this weighted average number of shares for diluted earnings per share had taken into account the effect of 10,819,583 convertible redeemable preference shares issued during the period at a notional value of HK$5 each which could be converted into ordinary shares of the Company at an initial conversion price of HK$0.2418 each. The calculation had not taken into account the ordinary shares deemed to be issued if the outstanding share options had been exercised as the effect was anti-dilutive.

As set out in note 19(d) to the Interim Financial Statements, subsequent to the balance sheet date on 23 January 2003, every ten issued and unissued existing ordinary shares of the Company were consolidated into one consolidated share (the "Share Consolidation"). Taking into account of the Share Consolidation, the basic earnings/(loss) per share is calculated based on the unaudited net loss from ordinary activities attributable to shareholders of HK$44,734,000 (2001: unaudited net profit of HK$21,750,000) and on the adjusted weighted average number of 1,237,613,508 (2001: 265,769,426) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 31 October 2001 as adjusted for the Share Consolidation was based on the unaudited adjusted net profit from ordinary activities attributable to shareholders of HK$24,093,000 after adding back interest on convertible notes, net of tax, of HK$2,343,000 and on the adjusted weighted average number of 265,769,426 ordinary shares in issue during the period plus (i) an adjusted number of 45,601,993 ordinary shares deemed to be issued if all the convertible notes outstanding had been fully converted and (ii) an adjusted number of 22,373,000 ordinary shares deemed to be issued if all the convertible redeemable preference shares had been issued. The calculation of this adjusted weighted average number of shares for diluted earnings per share as adjusted for the Share Consolidation had taken into account the effect of 10,819,583 convertible redeemable preference shares issued during the period at a notional value of HK$5 each which could be converted into ordinary shares of the Company at an initial conversion price of HK$2.418 each. The calculation had not taken into account the ordinary shares deemed to be issued if the outstanding share options had been exercised as the effect was anti-dilutive.

7. INTERESTS IN ASSOCIATES

	As at 31 October 2002 Unaudited	As at 30 April 2002 Audited
	HK$'000	*HK$'000*
Unlisted shares, at cost	**–**	–
Share of net assets, other than goodwill	**5,614**	5,767
Unamortised goodwill#	**1,404,233**	1,423,266
	1,409,847	1,429,033
Due from associates	**14,885**	14,882
	1,424,732	1,443,915
Provision for impairment	**(700,000)**	(700,000)
	724,732	743,915

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

\# The carrying value of goodwill arising on acquisition of associates represented by the cost of goodwill of HK$1,498,175,000 less accumulated impairment and amortisation of HK$700,000,000 and of HK$74,909,000 and the amortisation charge for the current period of HK$19,033,000.

8. LONG TERM RECEIVABLES

Long term receivables represent receivables arising from sales of gold bullion and gold bullion advances to a number of overseas incorporated companies during the period. The receivables are unsecured, repayable within three months from the invoiced date and bear interest at prime rate in the event of any default in settlement or repayment while the Group serves notice for repayment. Subsequent to 30 April 2002, the Group continued to sell gold bullion to these parties amounting to HK$686 million. Between 31 October 2002 to 31 March 2003, the total outstanding amounts due to the Group were increased from approximately HK$712 million to HK$998 million.

On 11 March 2003, the Group entered into a co-operative agreement with one of these receivables (the "Agent") (the "COP Agreement"). Pursuant to the terms of the COP Agreement, both parties agreed to jointly develop a gold mine in Mainland China. The Group will contribute an initial funding of approximately HK$30 million to be collected by the Agent from these receivables to fund the initial set up costs of the gold mine. The Agent, in turn, agreed to provide to the Group the exploration rights and land use rights of the gold mine under the COP Agreement. Further details of the long term receivables and the COP Agreement are set out in note 21 to the audited financial statements for the year ended 30 April 2002.

9. MONEY LOAN AND ACCOUNTS RECEIVABLE

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
Money loan receivables	**62,256**	59,005
Accounts receivable	**426,834**	280,379
	489,090	339,384
Provision for doubtful debts	**(109,734)**	(109,734)
	379,356	229,650

Money loan receivables represent receivables arising from the money loan lending business of the Group. They are unsecured term loans which bear interest at rates ranging from 10% to 12% (30 April 2002: 10% to 12%) per annum. The grant of these loans is approved and monitored by the Company's executive directors in charge of the Group's money loan lending operations.

An aging analysis of the money loan receivables is set out as follows:

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
Repayable on demand	**12,377**	12,301
Within one year	**5,212**	44,559
Over one year	**44,667**	2,145
	62,256	59,005
Provision for doubtful debts	**(14,903)**	(14,903)
	47,353	44,102

9. MONEY LOAN AND ACCOUNTS RECEIVABLE (continued)

The Group has a defined credit policy for accounts receivable and generally grants a credit allowance of one to three months. An aging analysis of accounts receivable is set out as follows:

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
Within three months	**166,516**	127,943
Over three months	**260,318**	152,436
	426,834	280,379
Provision for doubtful debts	**(94,831)**	(94,831)
	332,003	185,548

10. DUE FROM BULLION BROKERAGE CUSTOMERS

The amounts due from bullion brokerage customers are either secured by the underlying margin deposit or are unsecured. They are repayable on demand and bear interest at commercial terms.

11. ACCOUNTS PAYABLE

An aging analysis of accounts payable is set out as follows:

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
Within three months	**247,114**	294,553
Over three months	**16,377**	20,093
	263,491	314,646

12. DUE TO BULLION BROKERAGE CUSTOMERS

Amounts due to bullion brokerage customers arise from the ordinary course of business of brokerage financing of gold bullion trading, and are repayable on demand. No aged analysis is disclosed as it is opined that an aged analysis does not give additional value in view of the business of bullion brokerage financing.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
Bank overdrafts:		
Secured	**9,636**	10,763
Unsecured	**1,085**	–
	10,721	10,763
Bank loans:		
Secured	**153,195**	131,160
Unsecured	**837**	85,160
	154,032	216,320
Other borrowings:		
Secured	**10,018**	46,155
Unsecured	**170,382**	–
	180,400	46,155
Total bank and other borrowings	**345,153**	273,238
Portion classified as current liabilities	**(335,140)**	(262,224)
Long term portion	**10,013**	11,014

Bank borrowings

	As at 31 October 2002 Unaudited *HK$'000*	As at 30 April 2002 Audited *HK$'000*
The bank borrowings are repayable:		
Within one year	**154,740**	216,069
In the second year	**2,110**	1,517
In the third to fifth years, inclusive	**7,233**	9,497
Beyond five years	**670**	–
	164,753	227,083

Other borrowings

Other borrowings are repayable within one year	**180,400**	46,155

14. SHARE CAPITAL

	Ordinary shares of HK$0.1 each		Convertible redeemable preference shares of HK$1 each		
Authorised:	**Number of Shares**	*HK$'000*	**Number of Shares**	*HK$'000*	**Total** *HK$'000*
At 30 April 2002 (Audited) and at 31 October 2002 (Unaudited)	99,300,000,000	9,930,000	100,000,000	100,000	10,030,000
Issued and fully paid:					
At 30 April 2002 (Audited)	6,778,232,368	677,823	78,619,583	78,620	756,443
Conversion of convertible bonds (Unaudited)	10,176,660,000	1,017,666	–	–	1,017,666
At 31 October 2002 (Unaudited)	16,954,892,368	1,695,489	78,619,583	78,620	1,774,109
At 30 April 2001 (Audited)	1,510,604,810	151,060	–	–	151,060
Issue of shares (Unaudited)	1,611,887,558	161,189	10,819,583	10,820	172,009
Exercise of share options (Unaudited)	146,540,000	14,654	–	–	14,654
At 31 October 2001 (Unaudited)	3,269,032,368	326,903	10,819,583	10,820	337,723

15. RESERVES

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Exchange translation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 May 2002 (Audited)	790,209	12,544	47,022	(2,697)	(982,054)	(134,976)
Conversion of convertible bonds into ordinary shares (Unaudited)	(494,833)	–	–	–	–	(494,833)
Exchange translation differences (Unaudited)	–	–	–	(71)	–	(71)
Net loss for the period (Unaudited)	–	–	–	–	(44,734)	(44,734)
At 31 October 2002 (Unaudited)	295,376	12,544	47,022	(2,768)	(1,026,788)	(674,614)
At 1 May 2001 (Audited)	899,860	12,544	47,022	(2,780)	2,621	959,267
Premium on issue of ordinary shares (Unaudited)	7,494	–	–	–	–	7,494
Premium on exercise of share options (Unaudited)	1,276	–	–	–	–	1,276
Adjustment in fair value (Unaudited)	(11,810)	–	–	–	–	(11,810)
Exchange translation differences (Unaudited)	–	–	–	518	–	518
Net profit for the period (Unaudited)	–	–	–	–	21,750	21,750
At 31 October 2001 (Unaudited)	896,820	12,544	47,022	(2,262)	24,371	978,495

16. RELATED PARTY TRANSACTIONS

During the period, the Group had the following material transactions with related parties:

		Unaudited Six months ended 31st October	
	Notes	**2002** ***HK$'000***	2001 *HK$'000*
Rental income received from a related company	(i)	**1,679**	2,354
Sales of gold bullion to a related company	(ii)	**–**	7,486
Purchase of gold bullion from a related company	(ii)	**–**	22,252
Sale of jewellery products to a jointly-controlled entity	(iii)	**1,047**	–
Interest received from a jointly-controlled entity	(iv)	**208**	–

16. RELATED PARTY TRANSACTIONS (continued)

Notes:

(i) In the opinion of the directors, the terms of the respective lease agreements underlying rental income were determined with reference to the open market rental value prevailing at the time of inception of the agreements.

(ii) An executive director of the Company was also a director of the related company undertaking these transactions. Sales and purchases were made according to gold prices substantially equivalent to those offered to/by the major customers and suppliers of the Group and prevailing at the time of the transactions.

(iii) Sales were made according to published gold prices substantially equivalent to those offered to/by the major customers and suppliers of the Group prevailing at the time of the transactions.

(iv) Interest was charged on the amount due from a jointly-controlled entity at commercial term. The amount due from that jointly-controlled entity is unsecured and has no fixed terms of repayment.

17. OPERATING LEASES ARRANGEMENTS

(a) As lessor

The Group leases its investment properties, certain of its office properties and shoplots under operating lease arrangements with leases negotiated for terms ranging from two to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

As at 31 October 2002, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 October 2002 Unaudited ***HK$'000***	As at 30 April 2002 Audited *HK$'000*
Within one year	**4,216**	4,818
In the second to fifth year, inclusive	**2,181**	4,288
	6,397	9,106

(b) As lessee

The Group leases certain of its office properties and shoplots under operating lease arrangements with lease for office properties negotiated for terms ranging from one to two years, and those for shoplots for terms of three years.

As at 31 October 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 October 2002 Unaudited ***HK$'000***	As at 30 April 2002 Audited *HK$'000*
Within one year	**233**	2,542
In the second to fifth year, inclusive	**–**	144
	233	2,686

18. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 October 2002.

19. POST BALANCE SHEET EVENTS

(a) On 23 November 2002 and 19 December 2002, the Company issued two promissory notes with aggregate principal amounts of HK$4,000,000 and HK$6,000,000, respectively, to an independent third party. These two promissory notes bore interest at a rate of 8% per annum and were repayable on 22 February 2003 and 18 April 2003 respectively. The proceeds from the issuance of the promissory notes were utilised to purchase gold bullion of HK$2,261,000 and to repay a bank loan of HK$1,197,000. The remaining balance was used as general working capital for the Group.

(b) On 29 November 2002, the Company issued a promissory note with an aggregate principal amount of HK$1,500,000 to a non-financial institution. This promissory note bore interest at a rate of 6% per annum and was repayable on 28 February 2003. The proceeds from the issuance of the promissory note were utilised to repay a loan of HK$500,000 and the remaining balance was used as general working capital for the Group.

(c) On 3 December 2002, all joint venture partners of Diamond Link Holdings Limited ("DLHL") agreed to terminate the joint venture agreement dated 20 December 2001 and agreed to settle the outstanding shareholders' loan advanced to DLHL. After the termination of the joint venture agreement, the Group acquired an additional 40% equity interest in DLHL from the other joint venture partner. DLHL thereafter ceased to be a jointly-controlled entity and became a subsidiary of the Group.

(d) On 17 December 2002, the Company announced a proposal to consolidate every ten existing issued and unissued ordinary shares of HK$0.10 par value into one new ordinary share of HK$1.00 par value each (the "Share Consolidation"). Further details of the Share Consolidation are set out in the Company's circular dated 7 January 2003. The Share Consolidation was approved by shareholders of the Company at a special general meeting held on 22 January 2003 and became unconditional on 23 January 2003.

(e) On 14 January 2003, the Group issued a promissory note with an aggregate principal amount of HK$6,000,000 to an independent third party for the purpose of raising new finance. This promissory note bore interest at a rate of 2% per month and was repayable on 14 January 2003. The proceeds from the issuance of the promissory note were utilised mainly to provide additional working capital for the Group's operation.

(f) On 27 January 2003, the Company obtained an advance from a financial institution of HK$3 million. The loan bore interest at a rate of 12% per annum, and was repayable on 27 May 2003. The proceeds from the advance were utilised mainly to provide additional working capital for the Group's operations.

(g) On 2 March 2003, the Company disposed of its entire interest in Peakhurst Limited ("Peakhurst") to the remaining shareholder of Peakhurst at a consideration of HK$1. The disposal would result in a gain on disposal of HK$10,740,000 which represented the release of negative goodwill to the consolidated profit and loss account.

(h) On 11 March 2003, the Group entered into the COP Agreement with the Agent to collect all the outstanding long term receivables recorded at balance sheet date and subsequent to the balance sheet date. Further details of the terms and the arrangements of the COP Agreement are set out in note 8 to the Interim Financial Statements.

(i) On 12 March 2003, the Company announced a restructuring proposal including capital reorganisation and debt restructuring. Creditors with aggregate claims of approximately HK$764 million participated in the debt restructuring by entering into subscription agreements for shares or convertible bonds of the Company (the "Debt Restructuring"). The nominal value of ordinary shares in issue would be reduced from HK$1.00 to HK$0.001 each by cancelling HK$0.999 paid up capital on each existing share, and each unissued ordinary share would be subdivided into 1,000 new shares (the "Capital Reorganisation") of HK$0.001 each. A circular was subsequently issued to shareholders of the Company on 21 June 2003 in respect of the Capital Reorganisation and the Debt Restructuring, details of which and the subsequent developments itself are further discussed in note (l) below.

19. POST BALANCE SHEET EVENTS (continued)

(j) On 3 April 2003, the Group entered into a sale and purchase agreement with an independent third party to dispose of its long term investments at a total consideration of approximately HK$1,365,000. In this regard, a provision for impairment of long term investments of HK$116,445,000 had been made in the audited financial statements for the year ended 30 April 2002.

(k) On 24 April 2003, Trasy Gold Ex Limited ("Trasy") entered into a sale and purchase agreement with an independent third party to purchase a 25% equity interest in Goffers Management Limited ("Goffers") for a consideration of HK$45 million (the "Goffers Acquisition"). The principal asset of Goffers is its 49% equity interest in a joint venture company established in Mainland China which beneficially owns a gold mine in Xinjiang, Mainland China. The consideration for the acquisition was determined with reference to a business valuation performed by an independent professionally qualified valuer (the "Trasy Valuer") of not less than HK$367 million. The consideration for the acquisition is to be satisfied either by cash, funded by internal resources of Trasy. Up to the date of approval of the Interim Financial Statements, the Goffers Acquisition had not been completed and further announcement had been made by Trasy for the delay in dispatch of circular in relation to the Goffers Acquisition to a date not later than 7 August 2003.

(l) On 14 July 2003, the Capital Reorganisation and the Debt Restructuring as mentioned in note (i) above were approved by shareholders of the Company. Upon the implementation of the Capital Reorganisation, the issued ordinary share capital of the Company was reduced from HK$1,695,489,236 to HK$1,695,489.236 by canceling the paid-up capital to the extent of HK$0.999 on each of the 1,695,489,236 ordinary issued shares of HK$1.00 each, and from which the credit of HK$1,693,793,746.764 would be applied to eliminate against the accumulated losses of the Company on a dollar for dollar basis and the remaining balance be transferred to the contributed surplus account of the Company (the "Capital Reduction"). Immediately upon the Capital Reduction became effective, each of the 8,234,510,764 unissued ordinary shares was subdivided into 1,000 ordinary shares of HK$0.001 each such that the authorised unissued ordinary share capital of the Company would comprise 8,234,510,764,000 ordinary shares of HK$0.001 each. Immediately upon the Capital Reorganisation becoming effective, the authorised ordinary share capital of the Company thus amounted to HK$8,236,206,253 comprising 8,236,206,253,236 ordinary shares of HK$0.001 each and the issued and the fully paid-up ordinary share capital was HK$1,695,489.236 consisting of 1,695,489,236 ordinary shares of HK$0.001 each.

Pursuant to the Debt Restructuring, the Company issued three-year zero coupon convertible bonds in the amount of approximately HK$423 million and 17,011,153,137 new ordinary shares at a subscription price of HK$0.02 each for approximately HK$340 million, respectively to settle the existing indebtedness of the Group. Upon the completion of the Debt Restructuring, the current liabilities of the Group of approximately HK$212 million was reclassified as non-current liabilities as a result of the issuance of the convertible bonds, and the Group's total indebtedness was reduced by approximately HK$340 million and the annual interest savings as a result thereof would be approximately HK$30 to HK$40 million.

(m) On 25 July 2003, the Company obtained a loan from a financial institution of approximately HK$5.3 million. The loan bore interest at a rate of 3% per month, and was repayable on 25 November 2003. The proceeds from the loan were utilised to repay an advance of HK$3 million together with interest. The remaining balance was used to settle existing indebtedness and as general working capital for the Group.

20. COMPARATIVE AMOUNTS

As further explained in note 1 to the Interim Financial Statements, due to the adoption of certain new and revised SSAPs during the period, the accounting treatment and presentation of certain items and balance in the Interim Financial Statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors on 1 August 2003.