

# Chairman's Statement

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## FINANCIAL RESULTS

The profit from operating activities of the Group for the year under review was HK\$95,450,000 (2000: HK\$63,990,000). The audited consolidated net profit attributable to shareholders for the year ended 30th April, 2001 was HK\$12,818,000 (2000: profit of HK\$20,677,000) and basic earnings per share was 0.87 cents (2000: 1.26 cents).

The Group's turnover for the year ended 30th April, 2001 was HK\$5,864.74 million, representing approximately 7.96% increase from HK\$5,432.37 million for the corresponding period in 2000. The consolidated net profit attributable to shareholders for the year ended 30th April, 2001 was HK\$12.82 million (2000: HK\$20.68 million). Such decrease was mainly attributable to increase in finance costs.

## DIVIDENDS

The Board of Directors (the "Board") does not recommend payment of a final dividend at the forthcoming Special General Meeting. During the year, no interim ordinary dividend was declared. A dividend of HK\$1,270,000 has been paid on 25,400,000 6% convertible redeemable preference shares of the Company.

## BUSINESS REVIEW

### Hong Kong

During the year under review, through a placing and top-up subscription exercise announced and completed in April 2001, the Company placed out 133,780,000 ordinary shares at HK\$0.202 per share to independent investors and raised net proceeds of approximately HK\$26.2 million.

In April 2001, the Company entered into conditional subscription agreements with, inter alia, Asvick Investment Limited, a wholly-owned subsidiary of Cheung Kong (Holdings) Limited, and Total Vision Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited ("Cheung Kong Group") for the subscription by the Cheung Kong Group 69,900,000 ordinary shares of the Company at HK\$0.2418 per share and 10,819,583 redeemable convertible preference shares of par value HK\$1.00 with a notional value of HK\$5.00 each convertible into 223,730,000 ordinary shares of the Company at the initial conversion price of HK\$0.2418 each, subject to adjustment. The transaction was completed on 18th September, 2001 and the shares were duly allotted and issued to the Cheung Kong Group.

The shares of Trasy Gold Ex Limited ("Trasy Gold") were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM") on 7th December, 2000. Trasy Gold is principally engaged in the provision of services to facilitate the trading of precious metals, including gold, silver, platinum and palladium through a proprietary internet-based real time electronic trading system called "TRASY". Trasy Gold paid much effort to focus and develop on the following areas:

1. conduct promotional, educational and marketing activities internationally and locally in order to promote the public awareness of TRASY and to build up its brand name;
2. form business alliances to license its real time precious metals market information to other financial content providers and portals in Hong Kong;
3. prepare for the liberalisation of gold market in China by exploring and forming alliances in gold-related e-business with related participants in China; and
4. expansion of product range to be traded through TRASY.

## Chairman's Statement *(Continued)*

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### China

In August 2000, the Company and the People's Government of Zhaoyuan City, Shandong, worked in collaboration with Gold Fields Mineral Services Limited, London, and Gold Economic Centre, Beijing, to publish the Chinese edition of "Gold 2000" and to organize the 4th RNA China Gold and Precious Metals Conference at Zhaoyuan, China's "City of Gold". "Gold 2000" is widely acknowledged as the most authoritative analysis of world gold supply and demand and is being used as an important source of reference information by local gold miners, jewellery manufacturers, bankers, economists and government officials in China.

During the year under review, the Group began its establishment of a jewellery retail network (the "Retail Network") in the PRC through the Group's interests in associated companies. The Retail Network concept was well appraised by the gold ornaments and jewellery retail outlets. The Board believes that the Retail Network would be able to form a new trend of professional jewellery retail services and retail network in the PRC with the anticipation of further liberalization of the China gold market and contribution to the Group's potential future growth is promising.

The Group was pleased to be appointed as consultant to the Gold and Jewellery Building in Shenzhen, the PRC, owned by Shenzhen ART Jewellery Co., Ltd. ("ART"), a comprehensive corporation in manufacturing, processing, wholesale of gold ornaments and gold processing business from customers abroad, for the provision of consultancy services in the design, construction, project management, operation management consultancy to it. The Gold and Jewellery Building is a comprehensive industrial commercial complex and the concept of it is adapted from the "Vertically Integrated Gold and Jewellery Industry Concept" which was successfully implemented by the Company in Penang, Malaysia. It consists of: Processing Area of 27,950m<sup>2</sup> gross area from 4th to 12th floor for bullion refining and manufacturing and processing of gold, carat gold, platinum, silver and diamond jewellery; Servicing Area of 3,500m<sup>2</sup> on 3rd floor for precious metals, jade, pearl, diamond, precious stones, accessories market and auction market and 3,200m<sup>2</sup> on 2nd floor for jewellery wholesale centre, and Trading Area of 3,500m<sup>2</sup> on 1st floor for banking/retail and tourism. The construction was completed in September 2001 and is expected to commence operations in around mid of 2002. Gold items manufactured in Shenzhen have been contributing to over 60% of China's total jewellery export and 60% of local consumption in recent years, with most of the products produced by joint-venture processing factories established by Hong Kong jewellers. As Shenzhen is the jewellery manufacturing centre of China, the aim of the Gold and Jewellery Building development is to become the Gold Jewellery Logistic Centre of China. The Group is considering the establishment of RNA China in the Gold and Jewellery Building.

In September 2001, the Company organized The 5th Annual RNA China Gold and Precious Metals Conference in Shenzhen, the PRC with the theme of "The Opportunities from the Liberalization of the China Gold Market". Renowned speakers from the industry were invited to share insights of this hot topic. The purpose of the Gold Conference is to enhance the information and knowledge exchange between the international and China gold industries.

### Penang, Malaysia

Sales activities were slowed down in Malaysia. In view of the recovering local economy, the Board is confident that contribution from the Malaysian operations will be improved in the near future.

### FUTURE PROSPECTS

Looking ahead, the entering of PRC into the World Trade Organization and the gradual liberalization of the PRC gold market will bring along business opportunities for the Group. The consultancy services to the Gold and Jewellery Building in Shenzhen and the formation of the Retail Network will form the backbone operation of the Group in the PRC. With rich expertise in the gold industry and its knowledge in the markets, the Group will continue to capture unique opportunities in the PRC to continue its business including the provision of consultancy services relating to refinery, jewellery manufacturing, wholesaling and retailing so as to strengthen its profitability and income base.

## Chairman's Statement *(Continued)*

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### SUBSEQUENT EVENTS

Subsequent to the year end, the Company raised approximately HK\$191.3 million through various placings and subscriptions of shares to enlarge its shareholders base as well as to improve its financial position by using the net proceeds raised for debt reduction. A total of 1,841,987,558 new ordinary shares were issued to independent investors.

In September 2001, the Company entered into conditional subscription agreements with the Cheung Kong Group for the further subscription by the Cheung Kong Group 322,000,000 ordinary shares of the Company at HK\$0.10 per share and 67,800,000 redeemable convertible preference shares of par value HK\$1.00 each convertible into 678,000,000 ordinary shares of the Company at HK\$0.10 each, subject to adjustment, in consideration of 400,000,000 convertible preference shares of HK\$0.25 each in the capital of Can Do Holdings Limited. The transaction was then completed on 16th November, 2001.

Up to the date of this report, the Company has successfully issued convertible bonds in the aggregate principal amount of HK\$156,780,000 to independent investors and the net proceeds thereof have been used to reduce existing debts of the Group in order to strengthen the financial position of the Group.

### ACKNOWLEDGEMENT

In conclusion, I would like to extend my gratitude and appreciation to all management and staff for their hard work and devotion during the year. I believe very strongly that, together with the support of the shareholders, we are in our way to build a prosperous and sustainable business.

**Chan Fat Chu, Raymond**  
*Chairman*

Hong Kong, 22nd March, 2002