

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 30 April 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Group have not changed during the year and consisted of refining, moulding, wholesaling and trading of gold bullion; the provision of loans and gold bullion financing; wholesaling and retailing of gold ornaments, diamonds and other jewellery products; the provision of an internet-based electronic trading system to facilitate trading of precious metals; the provision of internet content and related operations.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 43 to the financial statements.

Through certain associates of the Group, the Group's activities also include the provision of technical support and consultancy services to jewellery retailers operating in Mainland China.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 30 April 2002 is set out in note 6 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 April 2002 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 26 to 98.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 99. This summary does not form part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Company and the Group during the year are set out in note 16 to the financial statements. Further details of the Group's investment properties are set out on page 100.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options, together with the reasons therefor, are set out in note 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

Report of the Directors *(Continued)*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any listed securities of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the financial statements.

DISTRIBUTABLE RESERVES

At 30 April 2002, the Company had no reserves available for cash distribution and/or distribution in specie to its shareholders, as computed in accordance with the Companies Act 1981 of Bermuda. In addition, the Company's share premium account, with a balance of approximately HK\$790,209,000 as at 30 April 2002, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the respective percentages of sales and purchases attributable to the Group's major customers and suppliers were as follows:

- (a) The aggregate amount of sales attributable to the Group's five largest customers accounted for approximately 78% of the Group's total sales for the year. The amount of sales to the Group's largest customer included therein represented approximately 37%.
- (b) The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 82% of the Group's total purchases for the year. The amount of purchases from the Group's largest supplier included therein represented approximately 36%.

As far as the directors are aware, neither the directors of the Company, their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) nor any shareholder of the Company (who, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers or five largest suppliers during the year.

Report of the Directors *(Continued)*

DIRECTORS

The directors of the Company during the year were as follows:

Executive directors:

Mr. Chan Fat Chu, Raymond (*Chairman*)

Mr. Chan Fat Leung, Alexander (*Deputy Chairman*)

Mr. Lo Chi Kin, Andie

Mr. Tsui Muk Ming, Danny

Mr. Sit Chun Sze

Mr. Yi Zhenqiu

(resigned on 8 August 2001)

Mr. Yang Yongsheng

(appointed on 31 August 2001 and
resigned on 17 January 2002)

Non-executive directors:

Dato Ahmad Fuad HAJI MD ALI

Dato Anuar OTHMAN

(alternate to Dato Ahmad Fuad HAJI MD ALI)

(resigned on 28 January 2002)

Independent non-executive directors:

Mr. Wong Tak Wah, Daniel

(appointed on 10 May 2001)

Mr. Ma Kwok Keung

(appointed on 10 May 2001)

Mr. John Cameron Broadley

(resigned on 10 May 2001)

Subsequent to the balance sheet date, the following changes in directors took place:

- (i) On 25 October 2002, Mr. Wong Tak Wah, Daniel resigned as an independent non-executive director;
- (ii) On 30 October 2002, Mr. Lim Siang Kai was appointed as an independent non-executive director; and
- (iii) On 14 June 2003, Mr. Lo Chi Kin, Andie resigned as an executive director with effect from 15 June 2003.

In accordance with bye-law number 86(2) of the Company's bye-laws, Mr. Lim Siang Kai being director appointed after the 2001 annual general meeting will retire, and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

In accordance with bye-law number 87 of the Company's bye-laws, Mr. Sit Chun Sze is subject to retirement by rotation, and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on page 101 of this annual report.

Report of the Directors *(Continued)*

DIRECTORS' SERVICE CONTRACTS

Mr. Sit Chun Sze entered into a service contract with Trasy Gold Ex Limited ("Trasy") for a term of three years commencing on 23 March 2000 with an annual salary of HK\$960,000. Mr. Sit is also entitled to participate in the bonus share scheme of Trasy.

Mr. Chan Fat Chu, Raymond entered into two respective service contracts with each of the Company and Hing Fung Goldsmith And Refinery Limited ("HFGR"), a wholly-owned subsidiary of the Company for a term of two years commencing on 1 April 2001 with a total remuneration of HK\$12,000,000 per annum plus a bonus payable at the discretion of the Company and HFGR.

Mr. Chan Fat Leung, Alexander entered into two respective service contracts with each of the Company and HFGR for a term of two years commencing on 1 April 2001 with a total remuneration of HK\$12,000,000 per annum plus bonus payable at the discretion of the Company and HFGR.

Pursuant to waiver agreements dated 30 April 2002 entered into by Mr. Chan Fat Chu, Raymond and Mr. Chan Fat Leung, Alexander with the Company and HFGR, they each waived total remuneration of HK\$7,587,000 and HK\$7,587,000, respectively, during the year.

Save as disclosed above and as at 30 April 2002, no director has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, its fellow subsidiaries and its holding companies was a party during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries was entered into or existed during the year.

Report of the Directors *(Continued)*

DIRECTORS' INTERESTS IN SHARES

As at 30 April 2002, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

(a) The Company:

Name	Number of ordinary shares of HK\$0.10 each and nature of interest		
	Personal interests	Corporate interests	Total interests
Mr. Chan Fat Chu, Raymond	126,200,000 (Note 1)	1,017,500 (Note 3)	127,217,500
Mr. Chan Fat Leung, Alexander	126,200,000 (Note 2)	1,017,500 (Note 3)	127,217,500
Mr. Lo Chi Kin, Andie	1,000,800	–	1,000,800
Mr. Tsui Muk Ming, Danny	1,000,040	–	1,000,040

Report of the Directors *(Continued)*

DIRECTORS' INTERESTS IN SHARES *(Continued)*

(b) Associated Corporation:

Trasy

Name	Number of ordinary shares of HK\$0.01 each and nature of interest		
	Personal interests	Corporate interests	Total interests
Mr. Chan Fat Chu, Raymond	56,025,927 191,250 (Note 1)	101,750	56,318,927
Mr. Chan Fat Leung, Alexander	50,514,127 191,250 (Note 2)	101,750	50,807,127
Mr. Lo Chi Kin, Andie	100,080	–	100,080
Mr. Tsui Muk Ming, Danny	100,004	–	100,004
Mr. Sit Chun Sze	27,991,354	–	27,991,354

Notes:

1. Mr. Chan Fat Chu, Raymond is beneficially interested in these shares, which are held by Regent Investment Company Limited, a company incorporated in the British Virgin Islands ("BVI") and beneficially owned by Mr. Chan Fat Chu, Raymond.
2. Mr. Chan Fat Leung, Alexander is beneficially interested in these shares which are held by Admiralty Investment Company Limited, a company incorporated in the BVI and beneficially owned by Mr. Chan Fat Leung, Alexander.
3. Falcon Investment Company Limited ("Falcon") held 1,017,500 ordinary shares of the Company. Falcon is a company incorporated in the BVI with limited liability and beneficially owned by Messrs Chan Fat Chu, Raymond and Chan Fat Leung, Alexander and their family members. Messrs. Chan Fat Chu, Raymond and Chan Fat Leung, Alexander are deemed to be interested in these shares in accordance with the SDI Ordinance as Falcon is accustomed to act in accordance with their directions or instructions.

The interests of the directors in the share options of the Company and of Trasy are separately disclosed under the headings "Share option scheme" and "Directors' rights to acquire shares and debentures", respectively, below.

Report of the Directors *(Continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the pre-IPO share option plan adopted by Trasy (the "Pre-IPO Trasy Scheme"), the directors of Trasy were able to, at their discretion, on or before 29 November 2000, grant options to any full-time employees of Trasy, the Company, and their respective subsidiaries, including executive directors of these companies, to subscribe for shares in the capital of Trasy. The maximum number of shares in respect of which options were able to be granted under the Pre-IPO Trasy Scheme could not exceed 10% of the issued capital of Trasy outstanding on the date of the listing of Trasy shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM"). On 29 November 2000, a total of 234,872,000 share options were granted under the Pre-IPO Trasy Scheme, out of which 108,820,000 share options have been cancelled during the year. The remaining number of shares issuable under share options granted under the Pre-IPO Trasy Scheme was 126,052,000 as at 30 April 2002, which represented approximately 5% of the issued share capital of Trasy. These options are exercisable in stages in accordance with the terms of the Pre-IPO Trasy Scheme between 7 June 2001 and 28 November 2010. All of these options have a duration of ten years from the date of grant, but shall lapse one month after the grantee ceases to be employed by the Company, Trasy, or their respective subsidiaries. Further details of terms of the Pre-IPO Trasy Scheme are set out in the listing prospectus of Trasy dated 30 November 2000.

In response to the amended Chapter 23 of the Rules Governing the Listing of Securities on GEM which came into effect on 1 September 2001, Trasy adopted a new share option scheme to comply with the requirements of the amended Chapter 23 (the "New Trasy Scheme"). The New Trasy Scheme was approved in the annual general meeting held on 30 April 2002. No share options under the New Trasy Scheme were granted, exercised or lapsed during the year. Details of the Trasy pre-IPO share options granted to certain directors of the Company are as follows:

	Number of options outstanding at 30 April 2002
Share options granted to the Company's executive directors	
on 29 November 2001 at an exercise price of HK\$0.21 and	
exercisable in stages from 7 June 2002 to 28 November 2010 [#]	
– Mr. Chan Fat Chu, Raymond	7,364,000
– Mr. Chan Fat Leung, Alexander	7,364,000
– Mr. Lo Chi Kin, Andie	1,698,000
– Mr. Tsui Muk Ming, Danny	1,698,000
– Mr. Sit Chun Sze	44,152,000
	<hr/>
	62,276,000
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The directors are entitled to exercise (i) 25% of the options after the expiry of six months from 7 December 2000 (the "Listing Date"); (ii) 50% of the options after the expiry of 12 months from the Listing Date; and (iii) the remaining options after the expiry of 24 months from the Listing Date.

Apart from as disclosed under the headings "Directors' interests in shares" and "Directors' rights to acquire shares or debentures" above and "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Report of the Directors *(Continued)*

SHARE OPTION SCHEME

The Company operated a share option scheme (the “Existing Scheme”) for the purpose of providing incentives and rewards to eligible employees who contribute to the success of the Group’s operations. Eligible employees of the Existing Scheme included the full-time employees (including full-time executive directors) of the Company or any of its subsidiaries. The Existing Scheme became effective on 8 November 1996 and, unless otherwise cancelled or amended, was to remain in force for 10 years from that date.

At 30 April 2002, the number of shares issuable under share options granted under the Existing Scheme was 83,322,000, which represented approximately 1.2% of the Company’s shares in issue as at that date. The maximum number of shares issuable under share options to each eligible employee in the Existing Scheme within any 12-month period was not able to exceed 10% of the issued capital of the Company.

The subscription prices for the shares under the Existing Scheme were determined by the Company’s directors and were not able to be less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five trading days immediately preceding the date of the offer of the option, or the nominal value of the shares, whichever is higher.

Subsequent to the recently amended Chapter 17 of the Listing Rules with effect from 1 September 2001, no further share options were granted under the Existing Scheme to any full-time employees or executive directors of the Company or the Group. Pursuant to the terms of the Existing Scheme, certain terms needed to be amended. An amended share option scheme was approved in the special general meeting held on 31 December 2001 (the “Amended Scheme”). A summary of the principal terms of the Amended Scheme as amended is set out in the Company’s circular issued to its shareholders on 15 December 2001. All share options granted prior to such amendment shall continue to be valid and exercisable in accordance with the Existing Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Amended Scheme may not exceed 30% of the issued capital of the Company in issue at any time. The maximum entitlements for each participant may not exceed 1% of the issued shares of the Company at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders’ approval in advance in a general meeting.

Under the Amended Scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Existing Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; and (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer.

Report of the Directors *(Continued)*

SHARE OPTION SCHEME *(Continued)*

Details of movements in the share options granted under the Existing Scheme to certain directors and employees of the Company are as follows:

Name	Notes	Number of share options			At 30 April 2002
		At 1 May 2001	Granted during the year	Exercised during the year	
Mr. Chan Fat Chu, Raymond	1	13,366,000	–	–	13,366,000
	2	17,270,000	–	(17,270,000)	–
	4	–	21,000,000	(21,000,000)	–
		<u>30,636,000</u>	<u>21,000,000</u>	<u>(38,270,000)</u>	<u>13,366,000</u>
Mr. Chan Fat Leung, Alexander	1	13,366,000	–	–	13,366,000
	2	17,270,000	–	(17,270,000)	–
	4	–	21,000,000	(21,000,000)	–
		<u>30,636,000</u>	<u>21,000,000</u>	<u>(38,270,000)</u>	<u>13,366,000</u>
Mr. Lo Chi Kin, Andie	1	2,500,000	–	–	2,500,000
	2	10,000,000	–	–	10,000,000
		<u>12,500,000</u>	<u>–</u>	<u>–</u>	<u>12,500,000</u>
Mr. Tsui Muk Ming, Danny	1	1,900,000	–	–	1,900,000
	2	10,000,000	–	–	10,000,000
		<u>11,900,000</u>	<u>–</u>	<u>–</u>	<u>11,900,000</u>
Mr. Sit Chun Sze	2	<u>10,000,000</u>	<u>–</u>	<u>–</u>	<u>10,000,000</u>
Other employees	1	2,190,000	–	–	2,190,000
	2	20,000,000	–	–	20,000,000
	3	–	24,000,000	(24,000,000)	–
	4	–	46,000,000	(46,000,000)	–
		<u>22,190,000</u>	<u>70,000,000</u>	<u>(70,000,000)</u>	<u>22,190,000</u>
Total		<u>117,862,000</u>	<u>112,000,000</u>	<u>(146,540,000)</u>	<u>83,322,000</u>

Report of the Directors *(Continued)*

SHARE OPTION SCHEME *(Continued)*

Notes:

1. The share options outstanding as at 30 April 2002 were granted on 16 January 1997 at HK\$1.00 paid by each grantee, which entitle the holders to subscribe for ordinary shares of the Company at an exercise price of HK\$0.88 per share and are exercisable during the period from 16 January 1997 to 15 January 2007.
2. The share options outstanding as at 30 April 2002 were granted on 22 June 2000 at HK\$1.00 paid by each grantee, which entitle the holders to subscribe for ordinary shares of the Company at an exercise price of HK\$0.1218 per share and are exercisable during the period from 22 June 2000 to 21 June 2010. On 28 May 2001, a total of 34,540,000 share options were exercised in full by certain directors of the Company. The share price at the date of exercise of the options was HK\$0.13 per share.
3. On 10 May 2001, the Company granted a total of 24,000,000 share options to certain employees at HK\$1.00 paid by each grantee, which entitled the holders to subscribe for ordinary shares of the company at an exercise price of HK\$0.1218 per share. The share options were exercisable during the period from 10 May 2001 to 9 May 2011. On 18 May 2001, these share options were exercised in full by the employees. The Company's share price at the date of grant and at the date of exercise of the options were HK\$0.12 per share and HK\$0.13 per share, respectively.
4. On 9 July 2001, the Company granted a total of 88,000,000 share options to certain directors and employees at HK\$1.00 paid by each grantee, which entitled the holders to subscribe for ordinary shares of the Company at an exercise price of HK\$0.10 per share. The share options were exercisable during the period from 9 July 2001 to 8 July 2011. The Company's share price at the date of grant was HK\$0.08 per share. The share options were exercised in full in two tranches of 42,000,000 and 46,000,000 share options on 9 July 2001 and 10 July 2001, respectively. The Company's share prices at the date of exercise of the options were HK\$0.08 per share and HK\$0.07 per share, respectively.
5. Subsequent to the share consolidation adopted by the Company becoming effective on 23 January 2003, the total outstanding share options have been adjusted from 83,322,000 to 8,332,200 and the exercise prices per share under the remaining two lots of share options, as detailed in (1) and (2) above, have been adjusted from HK\$0.88 per share to HK\$8.80 per share and from HK\$0.1218 per share to HK\$1.218 per share, respectively. Details of the share consolidation adopted by the Company are set out in note 42(ad) to the financial statements.

Summary details of the Company's share option scheme are also set out in note 36 to the financial statements.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date are deleted from the register of outstanding options.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year because the directors opine that the values of share options calculated using theoretical models are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

SUBSTANTIAL SHAREHOLDERS

During the year, the Company completed a number of placements and subscriptions of new shares and the conversion of convertible bonds into ordinary shares of the Company by the bond holders, the consequence of which was a dilution of the equity interests of all existing shareholders. As a result, as at the balance sheet date and the date of this report, there was no person who was interested in 10% or more of the total issued share capital of the Company as recorded in the register required to be kept by the Company pursuant to section 16(1) of the SDI Ordinance.

No person known to the directors of the Company, was directly or indirectly interested in equity securities of the Company which were required to be recorded in the register kept under section 16(1) of the SDI Ordinance.

Report of the Directors *(Continued)*

CONNECTED TRANSACTIONS

Apart from those related party transactions as set out in note 4 to the financial statements, certain connected transactions of the Group subsisted or were entered into during the year. Details of these connected transactions, which were approved by the Company's directors, are set out on pages 102 to 104. These pages do not form part of the audited financial statements.

PRACTICE NOTE 19 OF THE LISTING RULES

Reference is made to the specific performance obligation imposed on the substantial shareholder and certain directors of the Company in relation to the 5% convertible notes (the "Notes") issued by the Company, of which an aggregate principal amount of US\$19,300,000 (approximately HK\$149 million) remained outstanding as at the balance sheet date. Included in the balance were Notes of a principal denomination of US\$5,000,000 (approximately HK\$39 million) held by a subsidiary of the Group.

Pursuant to the terms of the Notes, the principal amount outstanding on the Notes and the interest accrued thereon may be declared due and payable in the event that, amongst other things, (1) Tem Fat Hing Fung (Holdings) Limited ("TFHF") owns directly or indirectly, at any time during the interim when the Notes are outstanding, less than 35% of the outstanding equity capital of the Company to which voting rights are attached, or (2) both Mr. Chan Fat Chu, Raymond and Mr. Chan Fat Leung, Alexander cease to be directors of the Company. Failure to comply with these conditions would constitute an event of default under paragraph 9(i) of the terms of the Notes. The maturity for the repayment of the Notes was on 28 April 2003. The amount outstanding in the Notes represents approximately 24% of the total borrowings (excluding trade related liabilities) of the Group as at 30 April 2002.

The effective equity interest held by TFHF in the Company as at 1 May 2001 was less than 35% and holders (including the Company's subsidiary as one of the holders) of US\$19,300,000 (approximately HK\$149 million) by denomination of the Notes had granted waivers to the Company, inter alia, for the declaration of an event of default under paragraph 9(i) of the terms of the Notes in this connection. Accordingly, the above Notes covenants have not been adhered to.

In addition, a total of principal denomination of US\$6,850,000 (approximately HK\$53 million) of the Notes was redeemed on 28 April 2001. Up to the date of this report, only US\$4,590,000 (approximately HK\$35 million) was settled but the remaining US\$2,260,000 (approximately HK\$18 million) remains unsettled. The Company has defaulted on the repayment of this remaining balance.

Report of the Directors *(Continued)*

PRACTICE NOTE 19 OF THE LISTING RULES *(Continued)*

In addition, the Group is required to observe a financial covenant underlying a gold loan facility which requires the maintenance of the Group's consolidated net tangible assets at not less than HK\$800 million. As at 30 April 2002, the Group's consolidated net assets amounted to HK\$621 million. After excluding the goodwill arising on acquisition of certain associates, included as part of the Group's interests in associates, the Group's consolidated net tangible assets as at 30 April 2002 amounted to a negative balance of HK\$100 million. As a result, the aforementioned financial covenant; as well as the cross-default covenants underlying certain other borrowings as triggered thereby; have not been complied with. The total outstanding indebtedness affected in this connection amounted to approximately HK\$291 million, comprising payables for gold purchases of HK\$38 million, convertible notes and bonds of HK\$214 million and promissory notes of HK\$39 million as at 30 April 2002. In addition, as a result of the subsequent movement in the Group's indebtedness, as at 27 March 2003, the total amount of the Group's outstanding loans and other indebtedness as affected has decreased to approximately HK\$241 million, comprising payables for gold purchases of HK\$13 million, convertible notes and bonds of HK\$189 million, and a promissory notes payable of HK\$39 million. The terms of the affected facility agreements stipulate that with any non-compliance of credit covenants, the lender of these borrowings may serve a notice to the Group to declare these borrowings immediately due and repayable. As at the date of this report, no notice was served by the financial creditors to the Group.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 42 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 April 2002, except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two independent non-executive directors of the Company, Mr. Ma Kwok Keung and Mr. Lim Siang Kai.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Fat Chu, Raymand
Chairman

Hong Kong, 17 June 2003